



Boards of Commissioners Update

August 2018

Boards of Commissioners Update – August 2018

Table of Contents

Topic:	Page
Financial Report – June 2018	3
Housing Assistance Payments (HAP) Update – June 2018	8
Quarterly Expenditures Report – April – June 2018	12

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: 08/01/18

Fresno Housing Authority

AUTHOR: Emily De La Guerra

FROM: Preston Prince, CEO/Executive Director

SUBJECT: Fresno Housing Operating Budget as of June 30, 2018

Executive Summary

The purpose of this update is to present an overview of the financial operating results for the Fresno Housing Authority as of June 30, 2018. Please see the attached financial report for a summary of revenues and expenses by Agency division.

The financial report attachment 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.

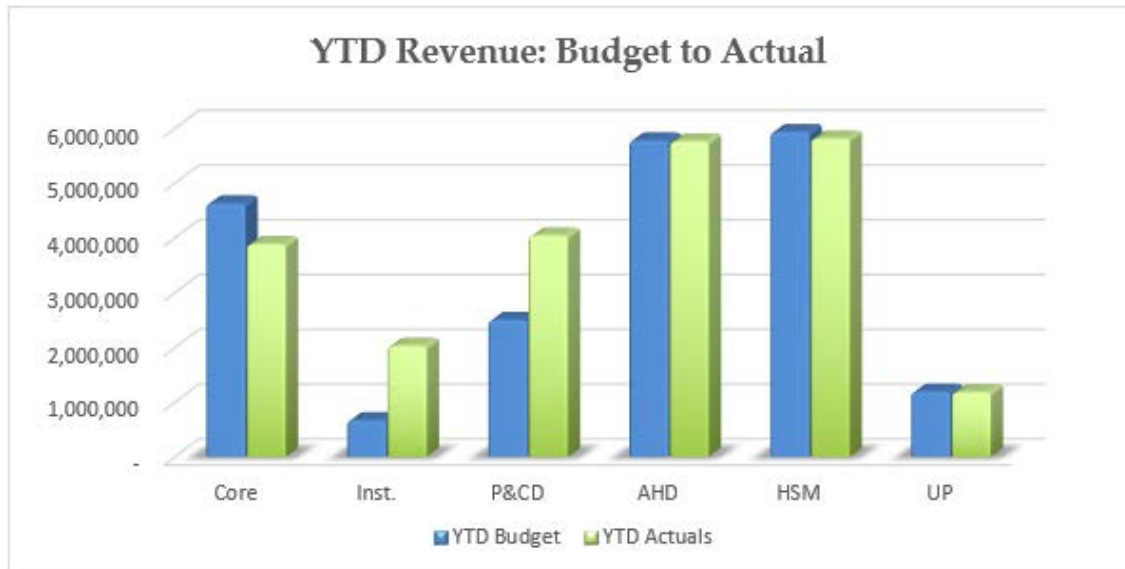
The 2018 Operating Budget was approved by the Boards in December 2017 with total revenues of \$41.4 million and total operating expenses of \$38.0 million. As of June, total revenues are \$22.7 million, and total operating expenses are \$17.0 million. Net Operating Income is \$5.7 million, which means that the operating income exceeds the gross operating expenses during the first six months of the year.

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
41,402,540	20,701,270	22,699,598
37,974,220	18,987,110	17,047,027
3,428,320	1,714,160	5,652,571
1,957,088	978,544	1,252,951
1,471,232	735,616	4,399,620
(441,488)	(220,744)	2,289,191

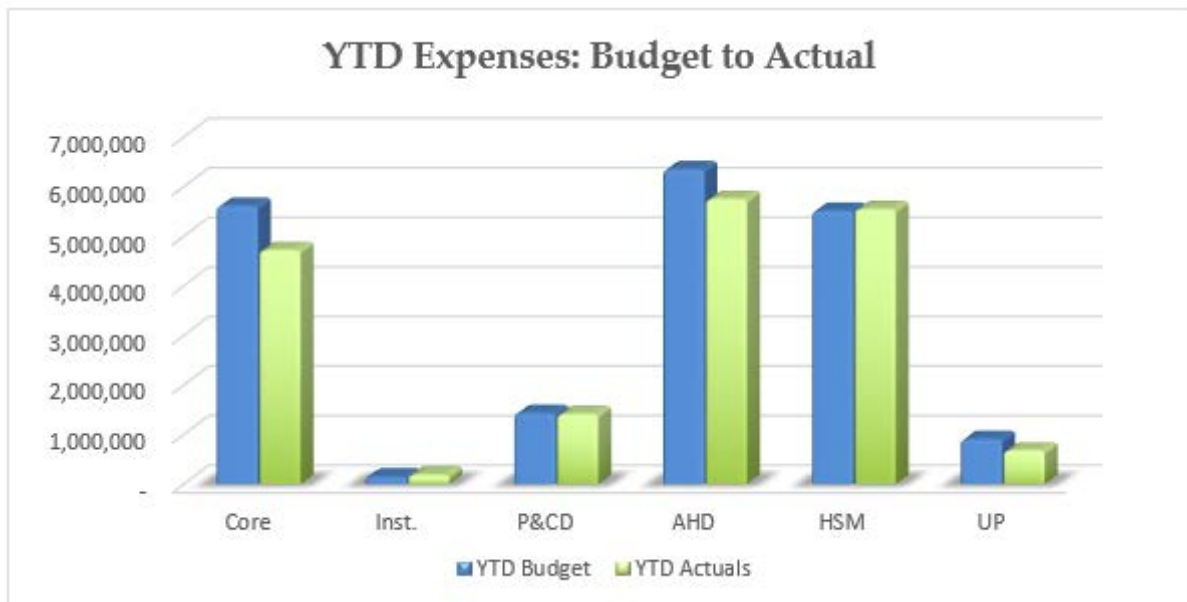
Agency Revenue



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 \$22.7 million, or 10%, more than the year-to-date budget, mainly due to developer fee revenue in PC&D, and non-budgeted proceeds from a lawsuit in Instrumentalities.
- **Core:** Admin & Management Fee Income is less than budgeted due to expense reductions in IT Services and Staff Development. Fees for these two services are allocated to the programs and the revenue is booked in Core. If there are fewer expenses, there will be less revenue and the net effect on the overall budget will be zero.
- **Inst.:** Other Income is higher than projected because of a \$1.3 million payment received from the Department of Treasury as proceeds in the case of Clearwater HA vs. U.S. This revenue was not included in the 2018 budget. The Agency will use this money for affordable housing purposes paid by the Housing Relinquished Fund Corporation (HRFC).
- **P&CD:** Developer Fee income is higher than anticipated due to the receipt of \$572 thousand for developer fee revenue from Edison Phase I, and waterfall payments from several projects. Other Income is higher than projected due to the prevailing wage monitoring income paid from Fresno Edison II, Parc Grove Commons III, and Magill Terrace.

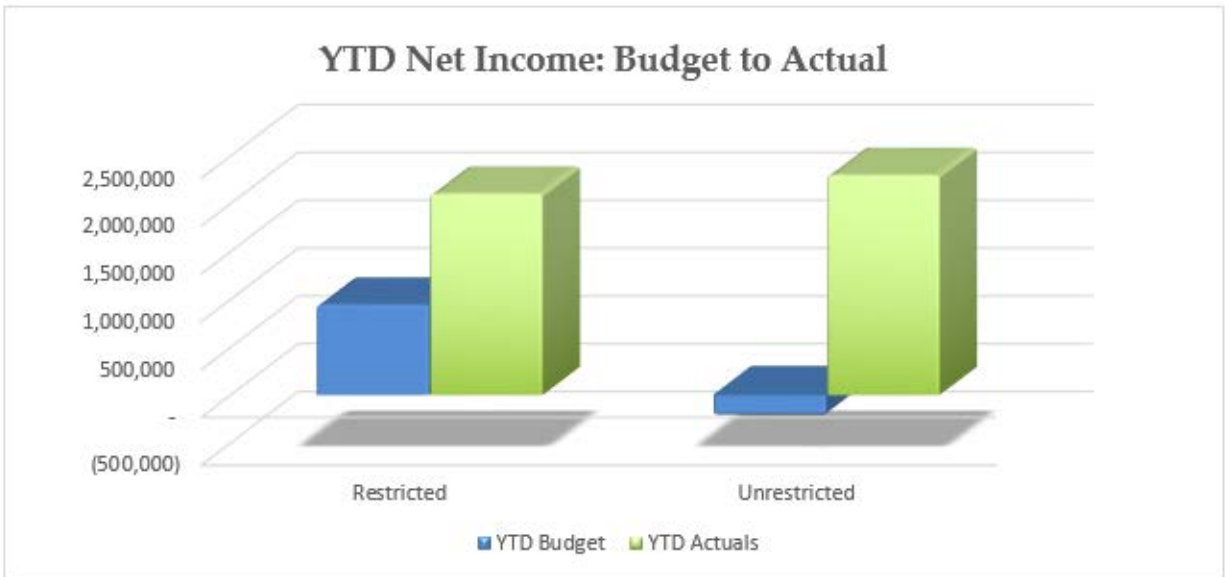
Agency Expenses



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 operating expenses are \$17 million and non-operating expenses are \$1.3 million, or 8%, lower than budgeted for the first six months of the year.
- **Agency-wide:** Payroll Expenses are approximately \$1.2 million, or 13%, lower than anticipated, mainly due to unfilled positions and/or planned hiring delays.
- **Agency-wide:** Administrative Expenses are \$547 thousand lower than budgeted across the Agency. Core shows the largest reductions in this line item, as Professional & Consulting Expenses have been less than anticipated for the sixth month of the year, as staff has strategically reduced contract costs. Staff expects that as the year progresses Professional & Consulting Fees will increase as planned projects begin and expenses are incurred. However, projections still show that there will be some nominal savings in this line item at year-end.
- **Agency-wide:** Utility Expenses are about 17% less than budgeted due to decreased costs for electricity and water, as temperatures have been cooler compared to previous years. We expect these costs to increase slightly over the next three months, as the weather gets warmer and the need for air conditioning and water increases.
- **P&CD, AHD, & HSM:** Maintenance Expenses are slightly higher than projected primarily due to more spent on specialty maintenance contracts for supplies, air conditioning, window replacements, and landscaping. The Agency will continue to monitor these expenses each month.

Agency Net Income



- Unrestricted net income is approximately \$2.5 million dollars higher than budgeted as of June 30, 2018. This will level out throughout the year, as expenses increase and no additional developer fees are expected until July.
- Restricted net income is higher than budgeted due to the receipt of unbudgeted lawsuit proceeds in HRFC. This will remain a net positive increase to the 2018 financials throughout the year.

Fresno Housing Authority
Financial Results as of June 30, 2018

	Core			Inst.			P&CD			AHD			HSM			UP			Fresno Housing Authority			YTD \$ Variance	YTD % Variance	% of Budget Remaining
	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	-	-	-	-	-	-	-	-	-	-	-	21	5,935,766	2,967,883	2,954,214	2,300,350	1,150,175	1,157,587	8,236,116	4,118,058	4,111,822	(6,236)	0%	50%
INTEREST INCOME	7,000	3,500	3,646	866,667	433,334	571,875	-	-	-	-	-	-	17	9	16	-	-	3	873,684	436,842	575,539	138,697	32%	34%
OTHER INCOME	808,000	404,000	249,869	177,299	88,650	1,401,328	20,000	10,000	336,199	710,822	355,411	402,429	14,014	7,007	27,590	43,000	21,500	12,585	1,773,135	886,568	2,430,000	1,543,433	174%	-37%
ADMIN & MANAGEMENT FEE INCOME	8,441,439	4,220,720	3,629,175	300,000	150,000	53,792	-	-	-	-	-	51,423	-	-	-	-	-	-	8,741,439	4,370,720	3,734,390	(636,330)	-15%	57%
DEVELOPER FEE INCOME	-	-	-	-	-	-	4,979,660	2,489,830	3,703,322	-	-	-	-	-	-	-	-	-	4,979,660	2,489,830	3,703,322	1,213,492	49%	26%
HUD GRANT INCOME	-	-	-	-	-	-	-	-	-	9,491,065	4,745,533	4,735,092	4,916,293	2,458,147	2,317,706	-	-	-	14,407,358	7,203,679	7,052,798	(150,881)	-2%	51%
OTHER GRANT INCOME	-	-	-	-	-	-	-	-	-	1,354,390	677,195	570,601	1,000,338	500,169	511,915	36,420	18,210	9,210	2,391,148	1,195,574	1,091,726	(103,848)	-9%	54%
TOTAL INCOME	9,256,439	4,628,220	3,882,690	1,343,966	671,983	2,026,995	4,999,660	2,499,830	4,039,521	11,556,277	5,778,139	5,759,566	11,866,428	5,933,214	5,811,441	2,379,770	1,189,885	1,179,385	41,402,540	20,701,270	22,699,598	1,998,328	10%	45%
EXPENSES																								
PAYROLL EXPENSES	7,135,977	3,567,989	3,159,226	-	-	-	1,285,953	642,977	604,985	6,891,221	3,445,611	3,002,421	3,026,970	1,513,485	1,257,120	330,528	165,264	139,968	18,670,648	9,335,325	8,163,720	(1,171,605)	-13%	56%
ADMINISTRATIVE EXPENSES	3,445,759	1,722,880	1,303,707	237,825	118,913	157,411	1,583,998	791,999	789,771	4,741,805	2,370,903	2,375,206	2,169,865	1,084,933	939,290	213,403	106,702	83,576	12,392,655	6,196,328	5,648,961	(547,367)	-9%	54%
TENANT SERVICES EXPENSES	50,000	25,000	20,555	-	-	-	-	-	3,915	899,843	449,922	270,084	335,581	167,791	157,917	5,250	2,625	1,051	1,290,674	645,337	453,522	(191,815)	-30%	65%
UTILITY EXPENSES	173,427	86,714	52,355	-	-	-	-	-	-	-	-	-	1,882,686	941,343	774,658	270,410	135,205	134,503	2,326,523	1,163,262	961,516	(201,746)	-17%	59%
MAINTENANCE EXPENSES	404,862	202,431	170,753	25,000	12,500	-	3,000	1,500	10,827	44,354	22,177	41,257	1,922,431	961,216	1,170,920	351,490	175,745	220,740	2,751,137	1,375,569	1,614,498	238,929	17%	41%
TAXES & INSURANCE EXPENSES	23,720	11,860	13,761	8,900	4,450	2,927	1,000	500	3,820	7,900	3,950	4,750	460,962	230,481	172,501	40,101	20,051	7,052	542,583	271,291	204,811	(66,481)	-25%	62%
TOTAL EXPENSES	11,233,745	5,616,873	4,720,357	271,725	135,863	160,338	2,873,951	1,436,975	1,413,318	12,585,122	6,292,562	5,693,718	9,798,495	4,899,248	4,472,406	1,211,182	605,591	586,890	37,974,220	18,987,110	17,047,027	(1,940,084)	-10%	55%
NET OPERATING INCOME	(1,977,306)	(988,653)	(837,667)	1,072,241	536,121	1,866,657	2,125,709	1,062,855	2,626,203	(1,028,845)	(514,423)	65,848	2,067,933	1,033,967	1,339,035	1,168,588	584,294	592,495	3,428,320	1,714,160	5,652,571	3,938,411	230%	-65%
NON-OPERATING EXPENSES																								
TOTAL NON-OPERATING EXPENSES	-	-	-	500	250	-	-	-	-	120,000	60,000	59,467	624,771	312,386	902,166	279,850	139,925	221	1,025,121	512,561	961,854	449,293	88%	6%
TOTAL FINANCING EXPENSES	-	-	-	-	-	29,118	-	-	-	-	-	-	602,183	301,092	290,512	329,784	164,892	91,619	931,967	465,984	411,249	(54,734)	-12%	56%
TOTAL ADJUSTMENTS & OPERATING TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	(1,700)	-	-	(118,452)	-	-	-	-	-	(120,152)	(120,152)	0%	0%
TOTAL NON-OPERATING EXPENSES	-	-	-	500	250	29,118	-	-	-	120,000	60,000	57,767	1,226,954	613,477	1,074,226	609,634	304,817	91,840	1,957,088	978,544	1,252,951	274,407	28%	36%
NET INCOME	(1,977,306)	(988,653)	(837,667)	1,071,741	535,871	1,837,539	2,125,709	1,062,855	2,626,203	(1,148,845)	(574,423)	8,081	840,979	420,490	264,809	558,954	279,477	500,655	1,471,232	735,616	4,399,620	3,664,005	498%	-199%
UNRESTRICTED NET INCOME	(1,977,306)	(988,653)	(837,667)				2,125,709	1,062,855	2,626,203	(1,148,845)	(574,423)	-				558,954	279,477	500,655	(441,488)	(220,744)	2,289,191	2,509,936	1137%	619%

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

Fresno Housing Authority

DATE: August 9, 2018

AUTHOR: Aurora Ibarra

FROM: Preston Prince, CEO/Executive Director

SUBJECT: Update on 2018 Leasing and Housing Assistance Payments for
The Housing Choice Voucher Program

Executive Summary

The purpose of this memo is to update the Boards of Commissioners on the status of voucher leasing and Housing Assistance Payments (HAP) for the Housing Choice Voucher (HCV) program as of June 30, 2018. Overall, challenges continue to present themselves as the rental market in Fresno County tightens and demand for affordable housing units increase. Staff continues their efforts to lease up in both programs, utilizing new and innovative approaches to housing families in accordance with our mission. As in the past, we will continue to diligently monitor our HAP and voucher utilization rates and provide additional information to the Boards, as needed.

City HCV

HAP expenditures for the months of January through June totaled \$21,296,097 with current voucher utilization of 98.5%. Overall projected voucher utilization for CY 2018 is 99.2%

County HCV

HAP expenditures for the months of January through June totaled \$16,674,678, with current voucher utilization of 94%. Overall projected voucher utilization for CY 2018 is 96.3%

Leasing Strategies

As previously reported staff is working to appropriately increase leasing rates so that we can continue to serve more families, all while monitoring HAP utilization and per unit cost (PUC).

Staff worked diligently during this past month to perform an analysis of the impacts the tight rental market is having on applicants searching for affordable housing. Based on the financial capacity of the program and the information brought forward in the analysis, payment standards have been increased effective immediately for new contracts and beginning with annual

reexaminations with a November 1, 2018 anniversary date. HAP projections take into account the monthly increases in PUC as annual reexaminations are processed. Staff evaluated the impacts previous changes in payment standards had on leasing rates, such as rent burden and success rate analyses, which resulted in positive impacts to leasing. However, the rental market continues to remain a challenge for families searching for affordable housing. Staff anticipate that the increase in payment standards will allow families the ability to compete in an increasingly tight rental market.

Additional draws from the County's waiting list have been performed, exhausting the 2017 waiting list. All future draws will be performed from the 2018 interest list. There are 2,500 pre-applications remaining on the City's 2017 waiting list.

The leasing strategies previously enlisted to increase leasing will continue to be evaluated. Staff also continues to accommodate extensions on voucher search times. Staff will continue to analyze issues and trends, and adjust leasing strategies where appropriate.

HCV Leasing and Spending Projection

CA028 Two-Year Voucher Forecasting Summary

8/9/2018

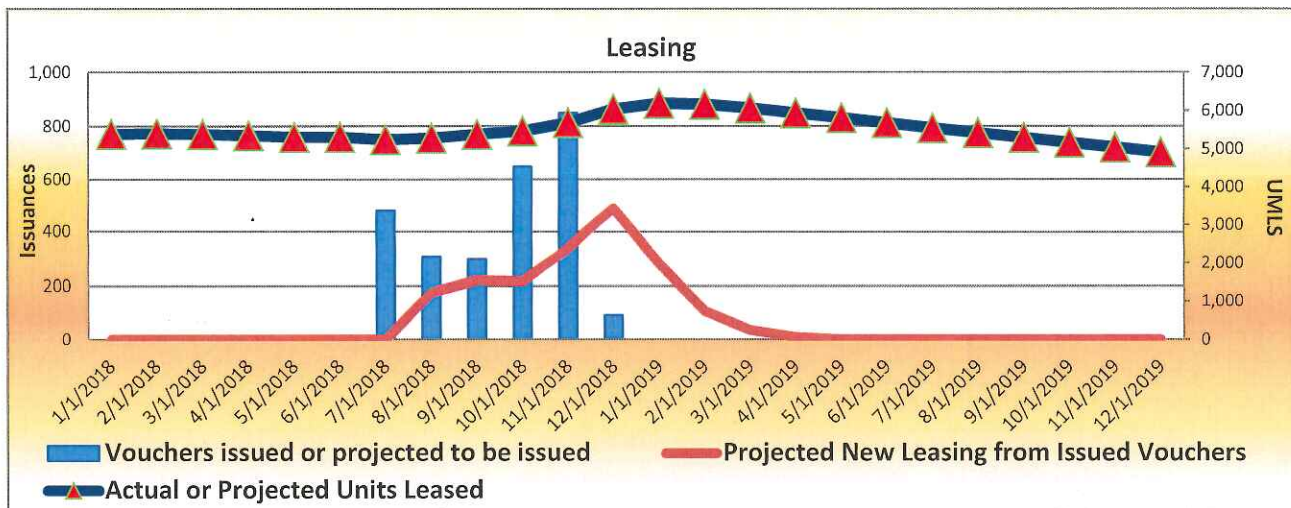
Prepared for: County Board of Commissioners

Prepared by: HUD Forecasting Tool

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 \$3,142,030, or 9% 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)	
70%	11%	Leased in	Percent
		0-30 Days	52%
		31-60 Days	32%
		61-90 Days	11%
		91-120 Days	4%
		121-150 Days	1%
Year 1 PUC	Year 2 PUC		
(Average monthly cost of a voucher - Year 1)	(Average monthly cost of a voucher - Year 2)		
\$530	\$565		

After deciding upon the above variables, the largest driver of the program revolves around the decision to issue vouchers. This scenario includes issuing 2,684 vouchers in the first year and maintaining attrition in the second year. This results in a total of 1,445 new lease-ups this year and 434 new lease-ups next 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 has no offset for next year or the following year. Additionally, the higher of this year's leased units or dollars is 98.2%, indicating full leasing indicator points in SEMAP. This is an estimate. Next year, the higher of leased units or dollars is 109.7%, indicating full leasing indicator points in SEMAP. This is an estimate.

Leasing Activity Update

HAP expenditures for the months of January through June \$16,674,678 with current voucher utilization of 94.0%. Overall projected voucher utilization for CY 2018 is 96.3%. The County's 2017 waiting list has been exhausted. Future draws will be performed from the 2018 Interest List until the Final draw has been performed. Staff have worked diligently this past month to perform an analysis of the impacts the tight rental market is having on applicants searching for affordable housing. Based on the financial capacity of the program and the information brought forward in the analysis, Payment Standards have been increased effective immediately for new contracts and beginning with annual reexamination with a November 1, 2018 anniversary date.

HCV Leasing and Spending Projection

CA006 Two-Year Voucher Forecasting Summary

8/9/2018

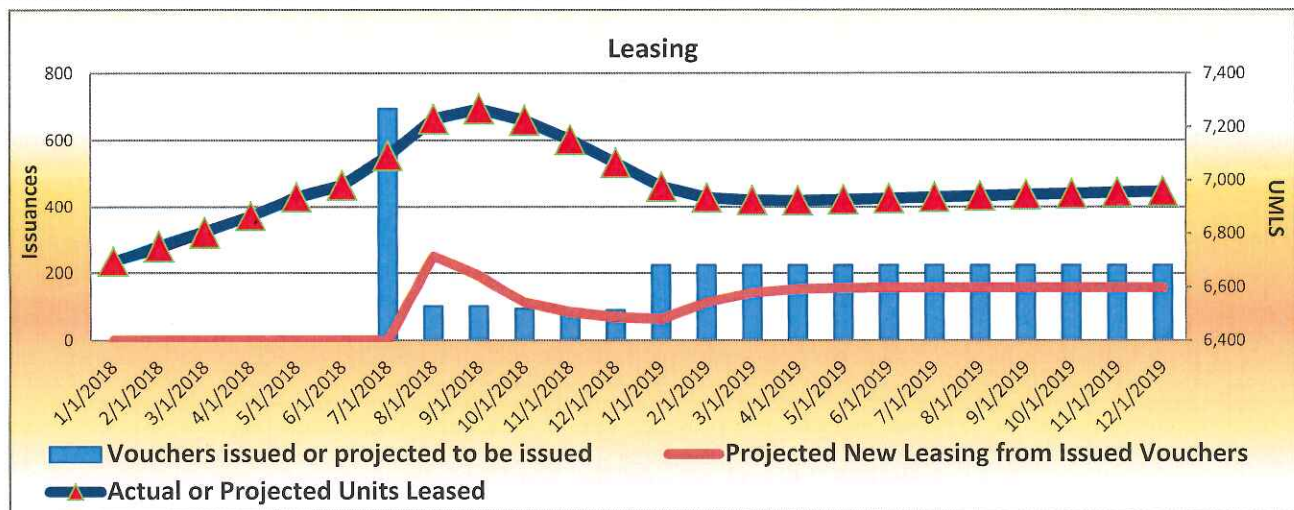
Prepared for: City Board of Commissioners

Prepared by: HUD Forecasting Tool

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 \$4,218,083, or 10% 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)	
70%	11%	Leased in	Percent
		0-30 Days	52%
		31-60 Days	32%
		61-90 Days	11%
		91-120 Days	4%
		121-150 Days	1%
Year 1 PUC	Year 2 PUC		
(Average monthly cost of a voucher - Year 1)	(Average monthly cost of a voucher - Year 2)		
\$531	\$566		

After deciding upon the above variables, the largest driver of the program revolves around the decision to issue vouchers. This scenario includes issuing 1,170 vouchers in the first year and 2,700 in the second year. This results in a total of 711 new lease-ups this year and 1,730 new lease-ups next 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 has no offset for next year or the following year. Additionally, the higher of this year's leased units or dollars is 100.1%, indicating full leasing indicator points in SEMAP. This is an estimate. Next year, the higher of leased units or dollars is 106.3%, indicating full leasing indicator points in SEMAP. This is an estimate.

Leasing Activity Update

HAP expenditures for the months of January through June \$21,296,097 with current voucher utilization of 98.5%. Overall projected voucher utilization for CY 2018 is 99.2%. There are 2,500 pre-applications remaining on the City's 2017 waiting list. Staff have worked diligently this past month to perform an analysis of the impacts the tight rental market is having on applicants searching for affordable housing. Based on the financial capacity of the program and the information brought forward in the analysis, Payment Standards have been increased effective immediately for new contracts and beginning with annual reexamination with a November 1, 2018 anniversary date.

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

Fresno Housing Authority

FROM: Preston Prince

CEO/Executive Director

DATE: 08/08/18

AUTHOR: Emily De La Guerra

SUBJECT: Expenditure Update April 2018- June 2018

Executive Summary

The purpose of this update is to provide the Boards of Commissioners with information regarding significant vendor expenditures for the second quarter of 2018. This information was previously provided to the Board in May 2018 and will be included in future Board Updates on a quarterly basis.

Attached is a list of vendors to whom the Agency paid over \$50,000 between April and June 2018. 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.

Please see the table on the next page.

Payee Name	Service Type	City	State	Amount
Kaiser Foundation Health Plan	Employee Benefits	Los Angeles	CA	\$ 484,181.23
Pacific Gas & Electric	Utilities, Fees	Sacramento	CA	\$ 464,684.27
Kc Construction Company	Building Maintenance	Clovis	CA	\$ 370,833.99
UnitedHealthCare Of California	Employee Benefits	Los Angeles	CA	\$ 201,723.57
Central Valley Lawnsapes	Landscaping	Fresno	CA	\$ 194,235.28
Central Valley Golf And Utility Vehicles	Utility Carts	Fresno	CA	\$ 151,693.28
City Of Fresno	Utilities, Permits, Fees	Fresno	CA	\$ 143,912.74
CHWCA	Employee Benefits	Sacramento	CA	\$ 129,772.00
AT&T	Utilities	Carol Stream	IL	\$ 111,711.00
HD Supply Facilities Maintenance	Maintenance Supplies	San Diego	CA	\$ 95,384.63
Boys And Girls Clubs Of Fresno	Resident Services	Fresno	CA	\$ 88,506.53
Novogradac & Co	Auditing Services	San Francisco	CA	\$ 85,875.00
Geil Enterprises Inc.	Security Services	Fresno	CA	\$ 80,380.96
Mid Valley Disposal	Trash Removal	Fresno	CA	\$ 73,837.30
AppleOne Employment Services	Temporary Employment Services	Glendale	CA	\$ 72,531.48
City Of Fresno Police Department	Security Services	Fresno	CA	\$ 63,556.37
City Of Mendota Utilities Department	Utilities	Mendota	CA	\$ 58,513.88
City Of Firebaugh	Utilities, Permits, Fees	Firebaugh	CA	\$ 56,223.44