



Boards of Commissioners Update

July 2019

Boards of Commissioners Update – July 2019

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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

Fresno Housing Authority

DATE: July 15, 2019

AUTHOR: Emily De La Guerra

FROM: Preston Prince, CEO/Executive Director

SUBJECT: Fresno Housing Operating Budget as of May 31, 2019

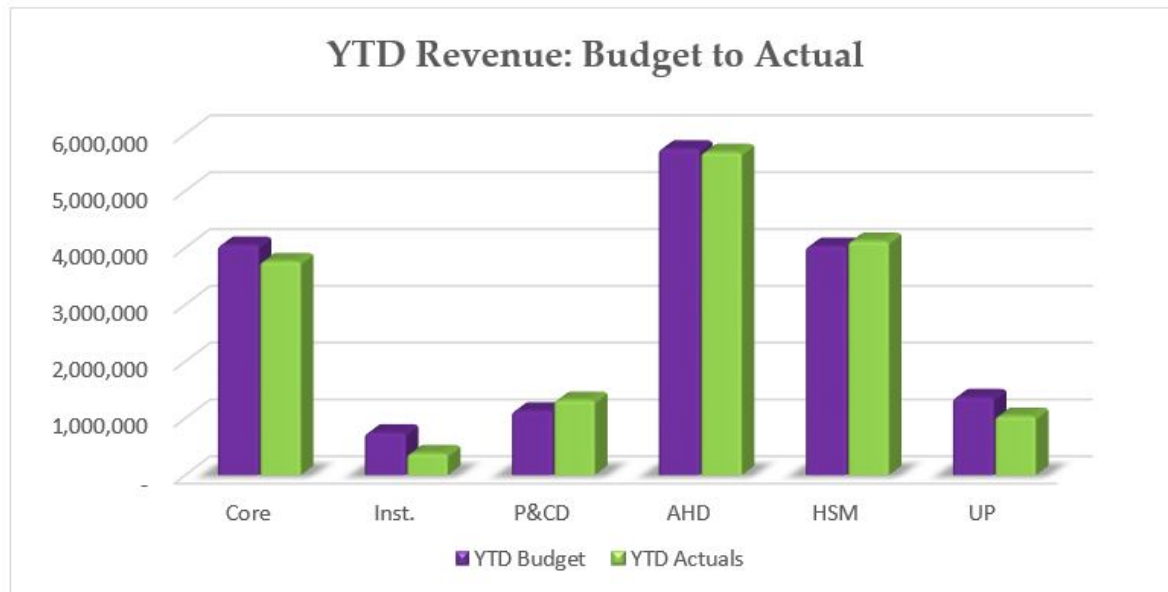
Executive Summary

The purpose of this update is to present an overview of the financial operating results for the Fresno Housing Authority as of May 31, 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 May, total revenues are \$16.3 million, which is \$766 thousand less than anticipated. However, total operating expenses are \$2.5 million less than budgeted at \$15.0 million for the first five months of the year. This puts net operating income at \$1.3 million, which is \$1.8 million better than budgeted. As of May, the Agency has added \$135 thousand to unrestricted reserves, which is \$1.8 million better than budgeted at this point in the year.

	Fresno Housing Authority		
	Annual Budget	YTD Budget	YTD Actuals
OPERATING BUDGET			
TOTAL INCOME	45,863,676	17,075,938	16,309,923
TOTAL EXPENSES	42,114,451	17,547,688	14,999,140
NET OPERATING INCOME	3,749,225	(471,750)	1,310,783
TOTAL NON-OPERATING EXPENSES	1,693,553	705,647	700,114
NET INCOME	2,055,672	(1,177,397)	610,669
UNRESTRICTED NET INCOME	(1,124,696)	(1,708,626)	134,759

Agency Revenue

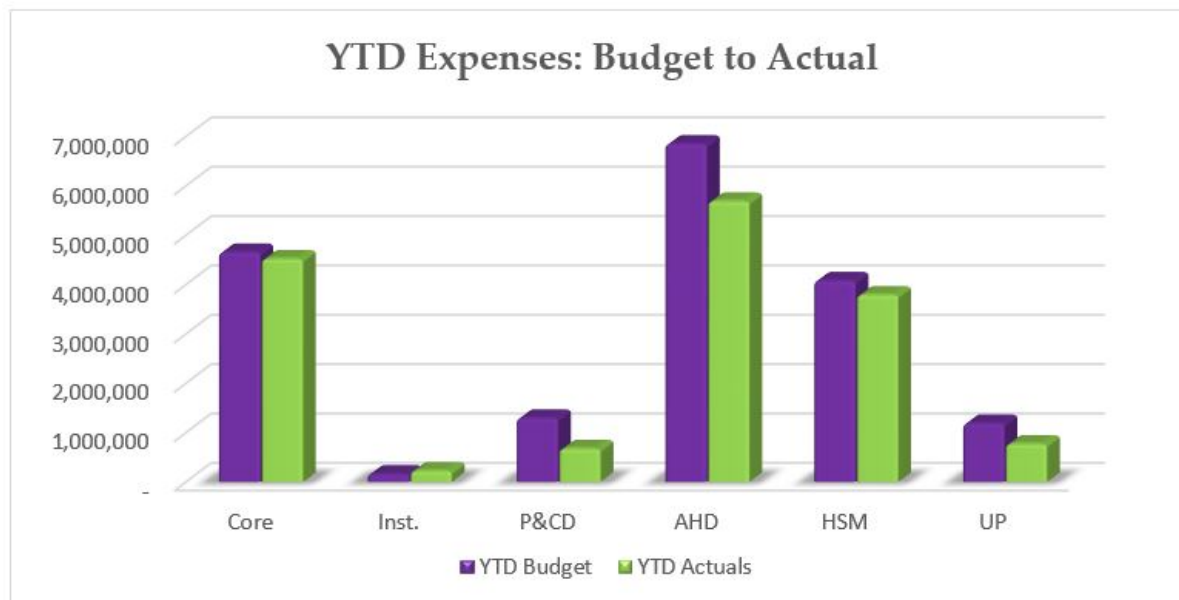


UP - Unrestricted Properties: Agency-owned non-subsidized properties, for example Dayton, Woodside, and San Ramon (formerly known as Affordable Housing)
 HSM - Housing Management: Restricted, subsidized properties including all public housing, farm labor and migrant properties
 AHD - Assisted Housing 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 \$16.3 million, or 4% less than the year-to-date budget largely due to the timing of developer fees to P&CD.

- **Core:** Admin & Management Fee Income in Core is less than budgeted due to a reduction in allocation revenue earned from Central Office charges and IT Services. Fees for these services are collected from Agency properties and programs and the revenue is booked in Core. As of May, expenses related to Central Office and IT Services have been less than budgeted therefore, less revenue has been collected and the net effect on the overall budget is neutral.
- **P&CD:** Developer fees for Mariposa Meadows, Orange Cove RAD, Viking Village and Rio Villas were received in May. Those fees totaled just over \$400 thousand.
- **AHD:** Other Grant Income is higher than budgeted due to additional revenue from the CalWORKs Housing Support Program, however, the net effect on the overall budget is neutral as the grant operates on a reimbursement basis.

Agency Expenses

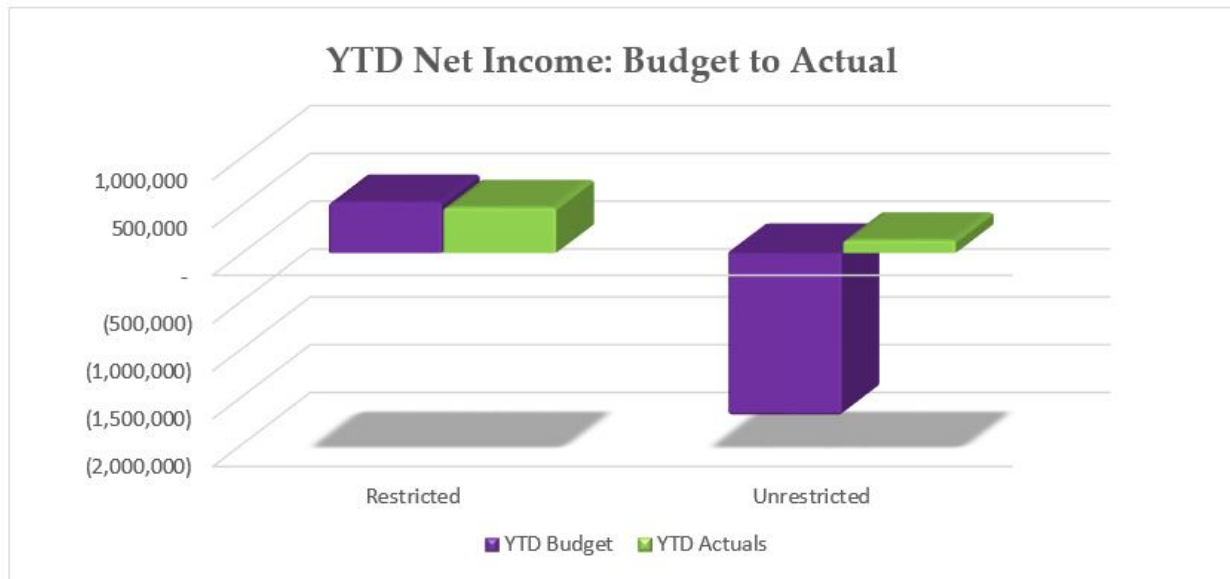


UP - Unrestricted Properties: Agency-owned non-subsidized properties, for example Dayton, Woodside, and San Ramon (formerly known as Affordable Housing)
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Overall, year-to-date operating expenses are \$15.0 million and non-operating expenses are \$700 thousand, which together are about 14% lower than budgeted.

- **Agency-wide:** Payroll Expenses are approximately \$544 thousand (7%) lower than anticipated, mainly due to 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 \$931 thousand (17%) 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 (17%) 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 \$1.8 million higher than budgeted as of May 2019. The Agency will draw on unrestricted reserves throughout the year as new pilot programs begin.
- Restricted net income is approximately \$55 thousand lower 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 May 31, 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	2,236,032	2,328,168	2,550,710	1,062,796	741,509	7,917,186	3,298,828	3,069,677	(229,151)	-7%
INTEREST INCOME	8,000	3,333	5,954	1,713,000	713,750	383,175	-	-	-	-	-	-	-	-	-	-	-	-	1,721,000	717,083	389,129	(327,954)	-46%
OTHER INCOME	974,000	405,833	323,267	1,350,000	-	-	170,000	70,833	631,163	1,157,705	482,377	446,946	25,996	10,832	51,201	712,302	296,793	294,256	4,390,003	1,266,668	1,746,833	480,165	38%
ADMIN & MANAGEMENT FEE INCOME	8,739,908	3,641,628	3,434,275	80,000	33,333	-	-	-	-	-	-	-	-	-	-	-	-	-	8,819,908	3,674,962	3,434,275	(240,687)	-7%
DEVELOPER FEE INCOME	-	-	-	-	-	-	5,521,860	1,060,772	688,712	-	-	-	-	-	-	-	-	-	5,521,860	1,060,772	688,712	(372,060)	-35%
HUD GRANT INCOME	-	-	-	-	-	-	-	-	-	12,118,911	5,049,546	4,953,490	4,282,660	1,784,442	1,740,260	-	-	-	16,401,571	6,833,988	6,693,750	(140,238)	-2%
OTHER GRANT INCOME	-	-	-	-	-	-	-	-	-	514,532	214,388	283,709	555,418	-	-	22,199	9,250	3,838	1,092,149	223,638	287,547	63,909	29%
TOTAL INCOME	9,721,908	4,050,795	3,763,496	3,143,000	747,083	383,175	5,691,860	1,131,605	1,319,875	13,791,148	5,746,312	5,684,145	10,230,550	4,031,305	4,119,629	3,285,211	1,368,838	1,039,603	45,863,676	17,075,938	16,309,923	(766,015)	-4%
EXPENSES																							
PAYROLL EXPENSES	7,023,013	2,926,256	2,860,703	-	-	-	1,450,179	604,241	537,786	7,584,893	3,160,372	2,876,566	2,422,006	1,009,169	928,625	487,913	203,297	156,098	18,968,005	7,903,335	7,359,778	(543,557)	-7%
ADMINISTRATIVE EXPENSES	3,418,339	1,424,308	1,430,162	382,150	159,229	184,442	1,645,312	685,547	138,172	5,802,611	2,417,755	2,090,195	1,875,579	781,491	734,233	332,471	138,530	99,019	13,456,463	5,606,860	4,676,223	(930,637)	-17%
TENANT SERVICES EXPENSES	51,000	21,250	28,303	-	-	-	5,000	2,083	-	2,967,050	1,236,271	702,125	246,757	102,815	38,620	6,450	2,688	696	3,276,257	1,365,107	769,744	(595,363)	-44%
UTILITY EXPENSES	172,144	71,727	52,866	-	-	-	-	-	-	-	-	-	1,737,628	724,012	619,956	458,690	191,121	139,589	2,368,462	986,859	812,411	(174,448)	-18%
MAINTENANCE EXPENSES	474,662	197,776	137,159	-	-	-	9,000	3,750	2,393	92,899	38,708	21,495	2,024,446	843,519	803,751	891,435	371,431	241,728	3,492,442	1,455,184	1,206,526	(248,658)	-17%
TAXES & INSURANCE EXPENSES	44,300	18,458	16,609	8,900	3,708	3,994	6,600	2,750	651	7,451	3,105	2,850	419,546	174,811	107,625	66,025	27,510	42,729	552,822	230,342	174,458	(55,884)	-24%
TOTAL EXPENSES	11,183,459	4,659,775	4,525,802	391,050	162,938	188,436	3,116,092	1,298,372	679,002	16,454,904	6,856,210	5,693,231	8,725,963	3,635,818	3,232,810	2,242,984	934,577	679,859	42,114,451	17,547,688	14,999,140	(2,548,548)	-15%
NET OPERATING INCOME	(1,461,551)	(608,980)	(762,306)	2,751,950	584,146	194,739	2,575,768	(166,766)	640,873	(2,663,756)	(1,109,898)	(9,086)	1,504,587	395,487	886,819	1,042,227	434,261	359,744	3,749,225	(471,750)	1,310,783	1,782,533	-378%
NON-OPERATING EXPENSES																							
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	42,033	-	-	-	-	-	-	543,556	226,482	360,932	287,600	119,833	3,025	831,156	346,315	405,990	59,675	17%
TOTAL FINANCING EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-	532,613	221,922	202,683	329,784	137,410	91,441	862,397	359,332	294,124	(65,208)	-18%
TOTAL ADJUSTMENTS & OPERATING TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	42,033	-	-	-	-	-	-	1,076,169	448,404	563,615	617,384	257,243	94,466	1,693,553	705,647	700,114	(5,533)	-1%
NET INCOME	(1,461,551)	(608,980)	(762,306)	2,751,950	584,146	152,706	2,575,768	(166,766)	640,873	(2,663,756)	(1,109,898)	(9,086)	428,418	(52,917)	323,204	424,843	177,018	265,278	2,055,672	(1,177,397)	610,669	1,788,066	-152%
UNRESTRICTED NET INCOME	(1,461,551)	(608,980)	(762,306)				2,575,768	(166,766)	640,873	(2,663,756)	(1,109,898)	(9,086)				424,843	177,018	265,278	(1,124,696)	(1,708,626)	134,759	1,843,385	108%

BOARD UPDATE

O (559) 443-8400

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1331 Fulton Mall

Fresno, California 93721

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www.fresnohousing.org

TO: Boards of Commissioners

Fresno Housing Authority

DATE: July 15, 2019

AUTHOR: Aurora Ibarra

FROM: Preston Prince, CEO/Executive Director

SUBJECT: Update on 2019 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 April Housing Assistance Payments (HAP) and leasing activities, and projections for the remainder of 2019.

At this time, funding prorations are estimated at 99.5% for HAP, and a 79% Administrative Fee proration. The Agency budget assumed a 100% HAP proration and 78% Administrative Fee proration in its budget projections for 2019. Staff will continue to monitor legislation and analyze the financial impact to the Agency.

City HCV

HAP expenditures for the month of May totaled \$4,166,287 with a HAP utilization rate for the month of May of 111.8%. The overall projected HAP utilization rate is 108.9%, with \$249 thousand in HAP reserves remaining at the end of 2019. This projection of year-end reserves factors in a \$776 thousand reserve offset, which was calculated based on the 2019 beginning balance of \$5 million in reserves. The Agency has been deliberately spending down HAP reserves in order to increase our baseline budget authority for 2020, provide higher payment standards to clients facing a tight rental market, and prevent another offset in future years.

Current voucher utilization for the month of May is 102.2% with an overall projected voucher utilization for CY 2019 of 99.3%, which would earn the Agency maximum points for leasing under SEMAP. This high voucher utilization rate is a result of increased leasing from vouchers that were mostly issued in 2018. In an effort to increase family success rates, staff extended voucher search times that ultimately led to families leasing up later than originally anticipated. As a result, staff will issue a limited number of vouchers through August, with the intention of steadily increasing issuances starting in August. This will allow the City program to maintain a strong utilization rate as we head into 2020.

County HCV

HAP expenditures for the month of May totaled \$3,286,198 with a HAP utilization rate for the month of May of 112.2%. The overall projected HAP utilization rate is 109.0%, leaving approximately \$81 thousand in HAP reserves at the end of 2019. Again, the Agency has been deliberately spending down HAP reserves in order to increase our baseline budget authority for 2020, and provide higher payment standards to clients facing a tight rental market. The County HCV program did not have any reserves offset in 2019.

Current voucher utilization for the month of May is 103.6% with an overall projected voucher utilization for CY 2019 of 99.6%, which would earn the Agency maximum points for leasing under SEMAP. Similar to the City HCV program, this high utilization rate is largely from 2018 voucher issuances that resulted in families successfully finding housing, albeit later than expected. County voucher issuances will be limited until the 3rd quarter of 2019 when staff expects to then issue more vouchers to increase utilization rates heading into 2020.

Leasing Update

The Agency opened and subsequently closed the 2019 Interest Lists for both programs in June. Current leasing activities will be minimal through the 3rd quarter of 2019.

HCV Leasing and Spending Projection

CA006 Two-Year Voucher Forecasting Summary

7/10/2019

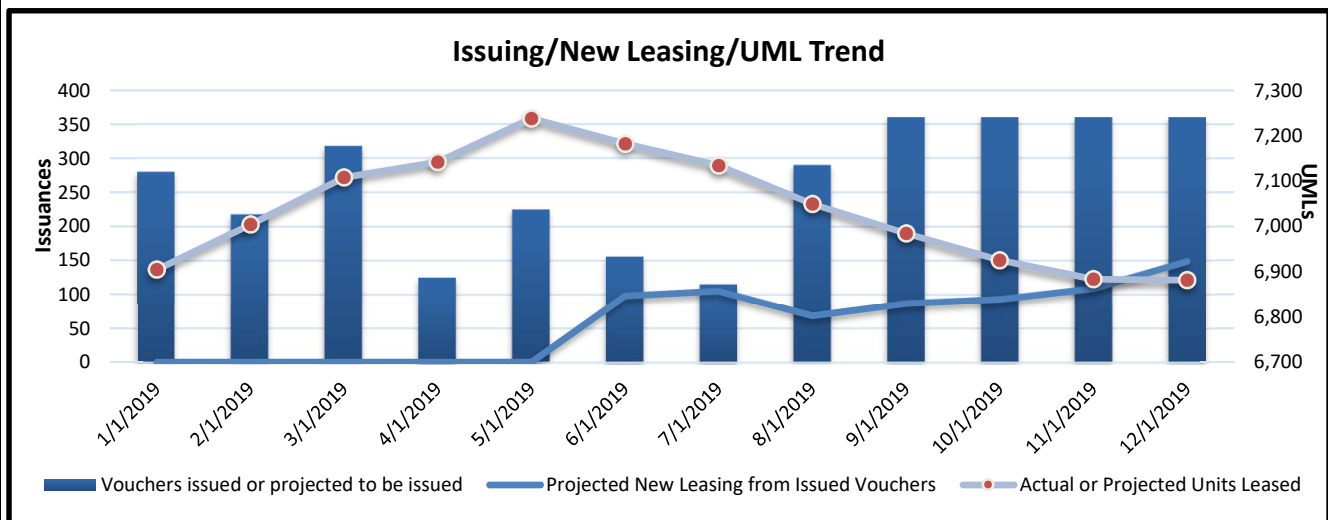
Prepared for: City Board of Commissioners

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 \$248,954, 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)	
45%	11%	Leased in	Percent
Year 1 PUC (Average monthly cost of a voucher - Year 1)		0-30 Days	13%
		31-60 Days	24%
		61-90 Days	21%
		91-120 Days	42%
		121-150 Days	0%
\$577			

After deciding upon the above variables, the leasing scenario revolves around the decision to issue 3,167 vouchers in 2019. This results in a total of 709 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:



The PHA had an offset of \$776,526 this year. Additionally, the higher of this year's leased units (99.3%) or dollars (108.9%) is 108.9%, indicating full leasing indicator points in SEMAP. This estimate has been adjusted for VASH.

CA006 Summary

HAP expenditures for May totaled \$4,166,287 with a HAP utilization rate for the month of May of 111.8%. Current voucher utilization for the month of May was 102.2% with an overall projected voucher utilization rate for CY 2019 of 99.3%. These utilization rates have been adjusted for VASH.

HCV Leasing and Spending Projection

CA028 Two-Year Voucher Forecasting Summary

7/10/2019

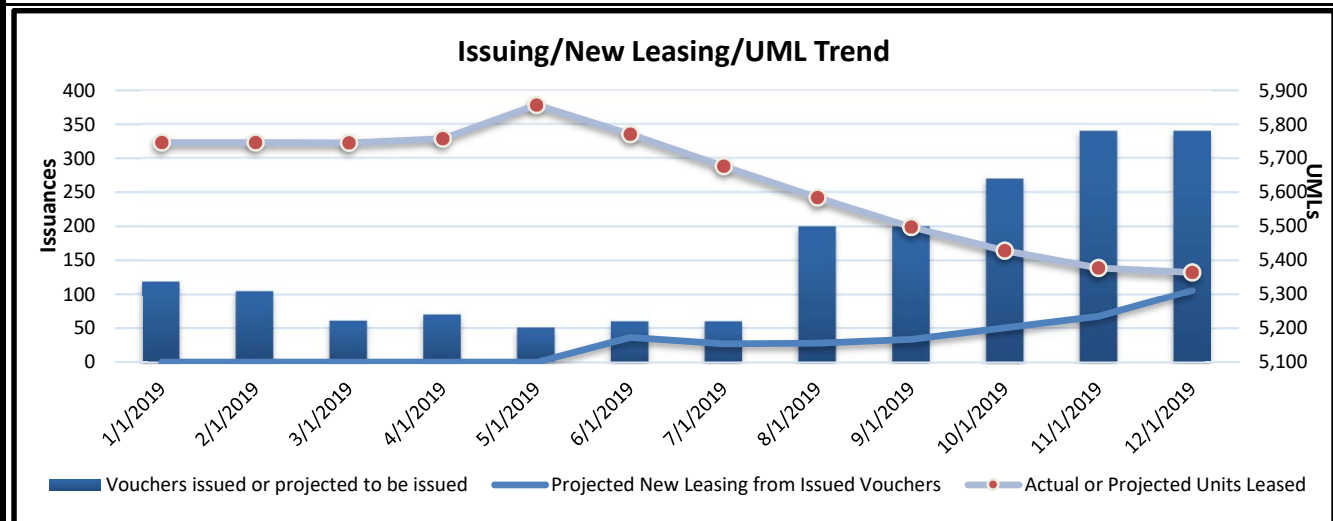
Prepared for: County Board of Commissioners

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 \$80,723, 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)	
45%	9%	Leased in	Percent
		0-30 Days	13%
Year 1 PUC		31-60 Days	24%
(Average monthly cost of a voucher - Year 1)		61-90 Days	21%
\$567		91-120 Days	42%
		121-150 Days	0%

After deciding upon the above variables, the leasing scenario revolves around the decision to issue 1,876 vouchers in 2019. This results in a total of 349 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:



The PHA had no offset for this year. Additionally, the higher of this year's leased units (99.6%) or dollars (109.0%) is 109.0%, indicating full leasing indicator points in SEMAP. This is an estimate.

CA028 Summary

HAP expenditures for May totaled \$3,286,198 with a HAP utilization rate for the month of May of 112.2%. Current voucher utilization for the month of May was 103.6% with an overall projected voucher utilization rate for CY 2019 of 99.6%.

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TO: Boards of Commissioners

Fresno Housing Authority

DATE: July 15, 2019

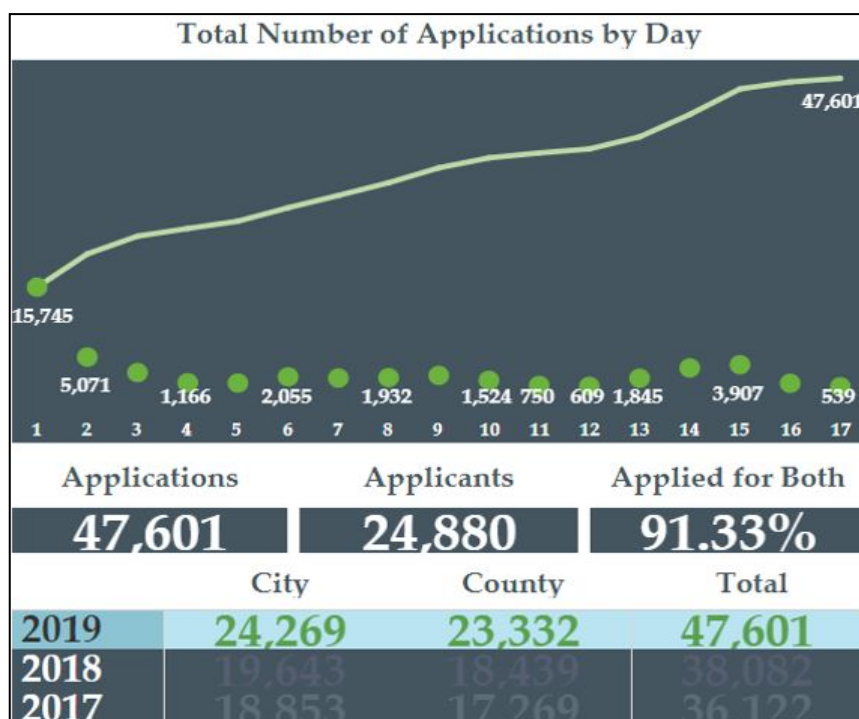
AUTHOR: Brandi Johnson

FROM: Preston Prince, CEO/Executive Director

SUBJECT: Update on the 2019 Interest List Opening for Housing Choice Voucher Program

Executive Summary

The purpose of this update is to present an overview of the 2019 Housing Choice Voucher (HCV) Interest List Opening. The Housing Choice Voucher program provides rental assistance to eligible low-income families to help them afford safe, quality housing. Individuals interested in receiving assistance were able to submit a pre-application for both the City and County Housing Authority during the Interest List Opening. The HCV Interest List opened on June 5, 2019 and closed on June 21, 2019. The chart below shows a summary of total applications by day, culminating with a total of 47,601 applications received over the two week period. This is about 25% more than last year and 32% more than 2017, signifying the growing need for affordable housing in Fresno County.



Throughout the Interest List opening, the Agency worked to communicate and engage the public through various forms of outreach strategies, including social media, radio ads, email blasts to community partners and the local media.

Individuals who needed assistance submitting their pre-application were helped by Housing Choice Voucher staff. Over 2,000 residents were helped via e-mail and phone, while an estimated 2,500 residents came to the Central Office for assistance. In an effort to broaden the assistance efforts, FH staff was made available at the Fresno County Public Library, as well the following Fresno Housing computer sites throughout the County.

- Legacy Commons - 2255 S. Plumas, Fresno, CA 93706
- Parc Grove Commons - 2674 E. Clinton Avenue, Fresno CA 93703
- Yosemite Village - 709 W. California, Fresno CA 93706
- Cedar Courts - 4430 E. Hamilton, Fresno CA 93702
- Mountain View Community Center - 1295 J Street, Orange Cove CA 93646
- Rio Villas - 1238 P. Street, Firebaugh CA 93622
- Cueva de Oso - 1445 Peach Street, Selma CA 93662
- Paseo 55 - 12th Street, Reedley CA 93654
- Blossom Trail Commons - 285 J Street, Sanger, CA 93657