



Boards of Commissioners Update

March 2019

Boards of Commissioners Update – March 2019

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BOARD UPDATE

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TO: Boards of Commissioners

DATE: March 14, 2019

Fresno Housing Authority

AUTHOR: Emily De La Guerra

FROM: Preston Prince, CEO/Executive Director

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

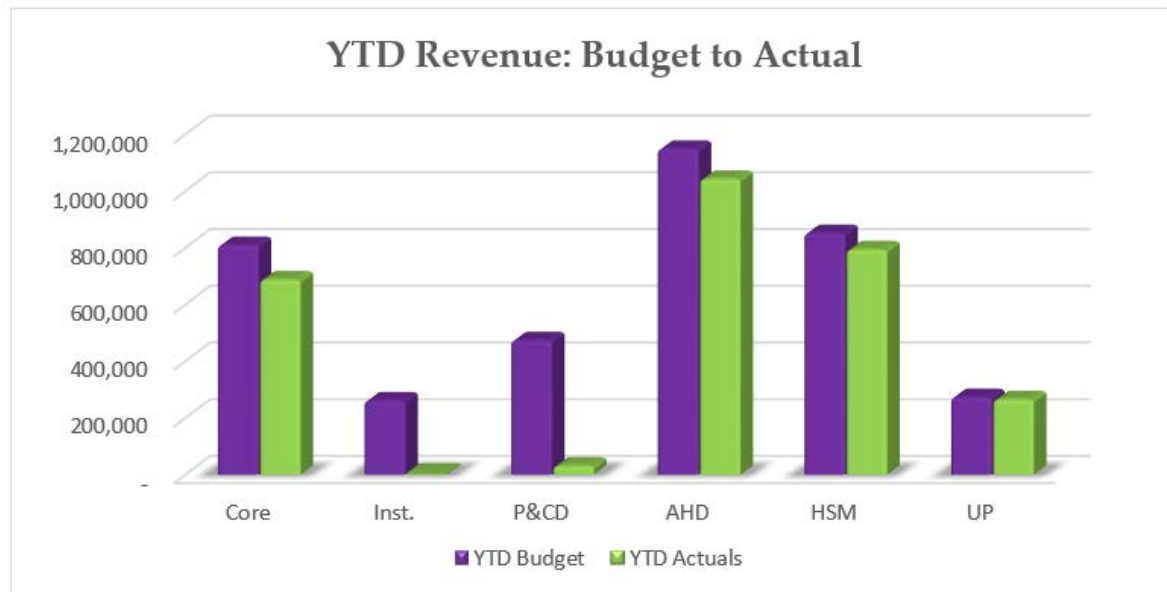
Executive Summary

The purpose of this update is to present an overview of the financial operating results for the Fresno Housing Authority as of January 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 January, total revenues are \$2.8 million, and total operating expenses are \$2.4 million. Net Operating Income is \$407 thousand, which means that the operating income exceeds the gross operating expenses during the first month of the year.

	Fresno Housing Authority		
	Annual Budget	YTD Budget	YTD Actuals
OPERATING BUDGET			
TOTAL INCOME	45,863,676	3,821,973	2,829,158
TOTAL EXPENSES	42,114,451	3,509,538	2,422,627
NET OPERATING INCOME	3,749,225	312,435	406,531
TOTAL NON-OPERATING EXPENSES	1,693,553	141,129	133,652
NET INCOME	2,055,672	171,306	272,879
UNRESTRICTED NET INCOME	(1,124,696)	(93,725)	62,185

Agency Revenue

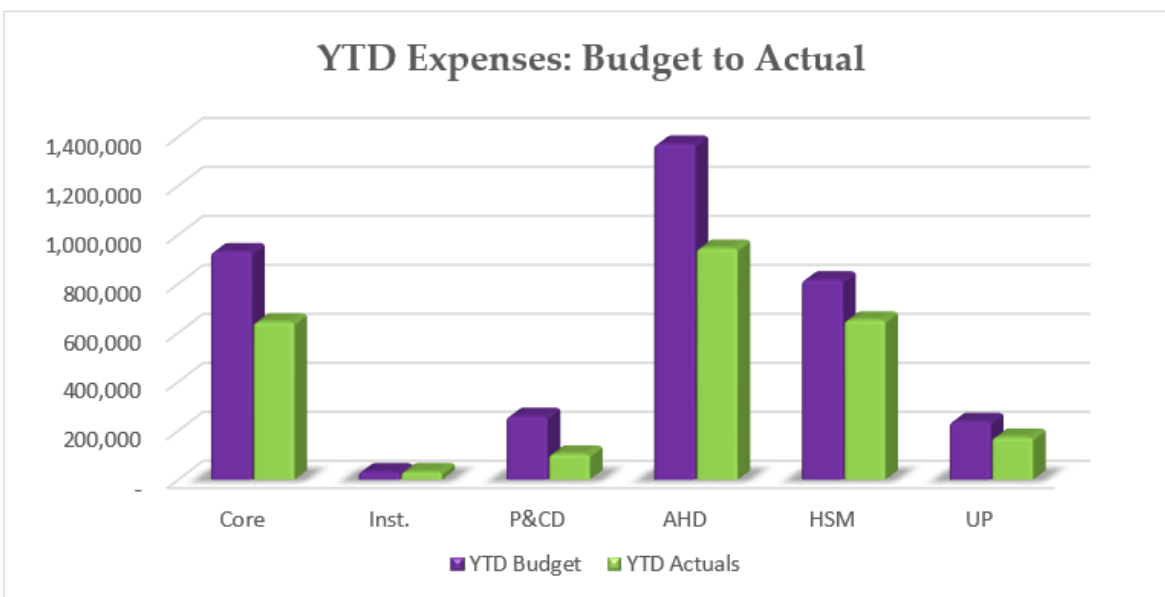


UP - Unrestricted Properties: Agency-owned non-subsidized properties, for example Dayton, Woodside, and San Ramon (formerly known as Affordable Housing)
HSM - Housing Management: Restricted, subsidized properties including all public housing, farm labor and migrant properties
AHD - Assisted Housing Division: 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 \$2.8 million, or 26% less than the year-to-date budget largely due to the timing of developer fee revenue in P&CD and 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 January, 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 will need to be approved by the Boards in the second quarter.
- **P&CD:** No Developer Fees were received in January. Staff anticipates the developer fees for several projects that were budgeted will be received in the first and second quarters of 2019.
- **AHD:** HUD Grant Income is lower than budgeted due to the timing of reimbursements from non-HCV grants, including A Family Home and Resident Opportunities and Self-Sufficiency (ROSS).
- **HSM:** Contract income is lower than budgeted due to planned vacancies at the Parlier Migrant Center. The center is occupied on a seasonal basis and will be leased up in the spring.

Agency Expenses

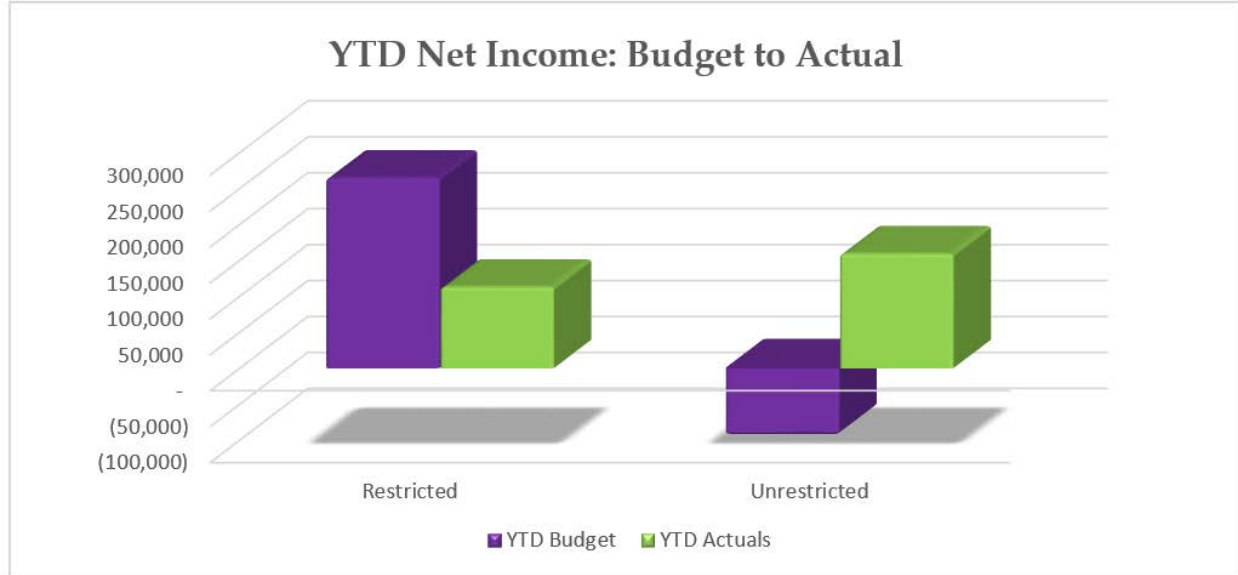


UP - Unrestricted Properties: Agency-owned non-subsidized properties, for example Dayton, Woodside, and San Ramon (formerly known as Affordable Housing)
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Overall, year-to-date operating expenses are \$2.4 million and non-operating expenses are \$133 thousand, which together are about 30% lower than budgeted.

- **Agency-wide:** Payroll Expenses are approximately \$560 thousand (35%) 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 \$350 thousand (31%) 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 (21%) 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 \$156 thousand dollars higher than budgeted as of January 2019. This will decrease during the year, as new pilot programs begin.
- Restricted net income is lower than budgeted due to less revenue in Instrumentalities and HMD. Staff expects that these revenues will be received in the first and second quarter of 2019.

Fresno Housing Authority
Financial Results as of January 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	447,206	439,050	2,550,710	212,559	212,588	7,917,186	659,766	651,638	(8,128)	-1%
INTEREST INCOME	8,000	667	1,265	1,713,000	142,750	4,950	-	-	-	-	-	-	-	-	-	-	-	-	1,721,000	143,417	6,215	(137,202)	-96%
OTHER INCOME	974,000	81,167	73,404	1,350,000	112,500	-	170,000	14,167	31,833	1,157,705	96,475	66,523	25,996	2,166	2,413	712,302	59,359	-	4,390,003	365,834	174,174	(191,660)	-52%
ADMIN & MANAGEMENT FEE INCOME	8,739,908	728,326	613,991	80,000	6,667	-	-	-	-	-	-	-	-	-	-	-	-	-	8,819,908	734,992	613,991	(121,001)	-16%
DEVELOPER FEE INCOME	-	-	-	-	-	-	5,521,860	460,155	-	-	-	-	-	-	-	-	-	-	5,521,860	460,155	-	(460,155)	-100%
HUD GRANT INCOME	-	-	-	-	-	-	-	-	-	12,118,911	1,009,909	875,894	4,282,660	356,888	353,152	-	-	-	16,401,571	1,366,798	1,229,046	(137,752)	-10%
OTHER GRANT INCOME	-	-	-	-	-	-	-	-	-	514,532	42,878	100,920	555,418	46,285	-	22,199	1,850	53,175	1,092,149	91,012	154,095	63,083	69%
TOTAL INCOME	9,721,908	810,159	688,660	3,143,000	261,917	4,950	5,691,860	474,322	31,833	13,791,148	1,149,262	1,043,337	10,230,550	852,546	794,615	3,285,211	273,768	265,763	45,863,676	3,821,973	2,829,158	(992,815)	-26%
EXPENSES																							
PAYROLL EXPENSES	7,023,013	585,251	389,464	-	-	-	1,450,179	120,848	75,654	7,584,893	632,074	396,609	2,422,006	201,834	128,092	487,913	40,659	31,577	18,968,005	1,580,667	1,021,395	(559,272)	-35%
ADMINISTRATIVE EXPENSES	3,418,339	284,862	192,672	382,150	31,846	27,095	1,645,312	137,109	29,003	5,802,611	483,551	367,575	1,875,579	156,298	134,679	332,471	27,706	17,710	13,456,463	1,121,372	768,735	(352,637)	-31%
TENANT SERVICES EXPENSES	51,000	4,250	28,093	-	-	-	5,000	417	-	2,967,050	247,254	164,688	246,757	20,563	20,197	6,450	538	-	3,276,257	273,021	212,979	(60,043)	-22%
UTILITY EXPENSES	172,144	14,345	8,830	-	-	-	-	-	-	-	-	-	1,737,628	144,802	116,999	458,690	38,224	39,110	2,368,462	197,372	164,939	(32,433)	-16%
MAINTENANCE EXPENSES	474,662	39,555	22,839	-	-	-	9,000	750	530	92,899	7,742	4,976	2,024,446	168,704	129,656	891,435	74,286	35,988	3,492,442	291,037	193,990	(97,047)	-33%
TAXES & INSURANCE EXPENSES	44,300	3,692	2,792	8,900	742	3,994	6,600	550	130	7,451	621	546	419,546	34,962	21,606	66,025	5,502	31,523	552,822	46,068	60,590	14,522	32%
TOTAL EXPENSES	11,183,459	931,955	644,690	391,050	32,588	31,089	3,116,092	259,674	105,317	16,454,904	1,371,242	934,394	8,725,963	727,164	551,229	2,242,984	186,915	155,908	42,114,451	3,509,538	2,422,627	(1,086,911)	-31%
NET OPERATING INCOME	(1,461,551)	(121,796)	43,970	2,751,950	229,329	(26,139)	2,575,768	214,647	(73,484)	(2,663,756)	(221,980)	108,943	1,504,587	125,382	243,386	1,042,227	86,852	109,855	3,749,225	312,435	406,531	94,095	30%
NON-OPERATING EXPENSES																							
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	2,276	-	-	-	-	-	11,550	543,556	45,296	57,286	287,600	23,967	800	831,156	69,263	71,912	2,649	4%
TOTAL FINANCING EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-	532,613	44,384	44,384	329,784	27,482	17,356	862,397	71,866	61,740	(10,126)	-14%
TOTAL ADJUSTMENTS & OPERATING TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	2,276	-	-	-	-	-	11,550	1,076,169	89,681	101,670	617,384	51,449	18,156	1,693,553	141,129	133,652	(7,477)	-5%
NET INCOME	(1,461,551)	(121,796)	43,970	2,751,950	229,329	(28,415)	2,575,768	214,647	(73,484)	(2,663,756)	(221,980)	97,393	428,418	35,701	141,715	424,843	35,404	91,699	2,055,672	171,306	272,879	101,573	59%
UNRESTRICTED NET INCOME	(1,461,551)	(121,796)	43,970				2,575,768	214,647	(73,484)	(2,663,756)	(221,980)	-				424,843	35,404	91,699	(1,124,696)	(93,725)	62,185	155,910	166%

BOARD UPDATE

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TO: Boards of Commissioners

Fresno Housing Authority

DATE: March 14, 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 January HAP and leasing activities, and projections for the remainder of 2019. Staff will present a final 2018 year-end report to the Boards of Commissioners at the March meeting.

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.

In 2018, the HCV payment standard was increased to provide families with better housing options in a tight rental market. Both programs anticipate utilizing a majority of HAP reserves in 2019 in order to maintain high leasing rates, maximize the number of families assisted, and boost potential HAP funding for 2020.

City HCV

HAP expenditures for the month of January totaled \$3,875,352 with a HAP utilization rate for the month of January of 103.9%. The overall projected HAP utilization rate is 107.1%, with \$1.4 million in HAP reserves remaining at the end of 2019. Current voucher utilization for the month of January is 98.3% with an overall projected voucher utilization for CY 2019 of 98.3%.

County HCV

HAP expenditures for the month of January totaled \$3,174,850 with a HAP utilization rate for the month of January of 108.5%. The overall projected HAP utilization rate is 108%, leaving approximately \$384 thousand in HAP reserves.

at the end of 2019. Current voucher utilization for the month of January is 102.5% with an overall projected voucher utilization for CY 2019 of 99.2%.

Leasing Update

Staff reviewed leasing trends beginning with the number of applicants pulled from the interest list, applicant attendance rates at scheduled appointments, voucher issuance rates, and the most recent leasing success rates. After analyzing the trends, the department's leasing strategy is expected to balance leasing activities this year and leading into the next year. Based on current attendance rates and leasing trends, the Agency expects to exhaust the current wait list in May 2019, and staff expects to open the interest list for the HCV program in that same month.

HCV Leasing and Spending Projection

CA006 Two-Year Voucher Forecasting Summary

3/14/2019

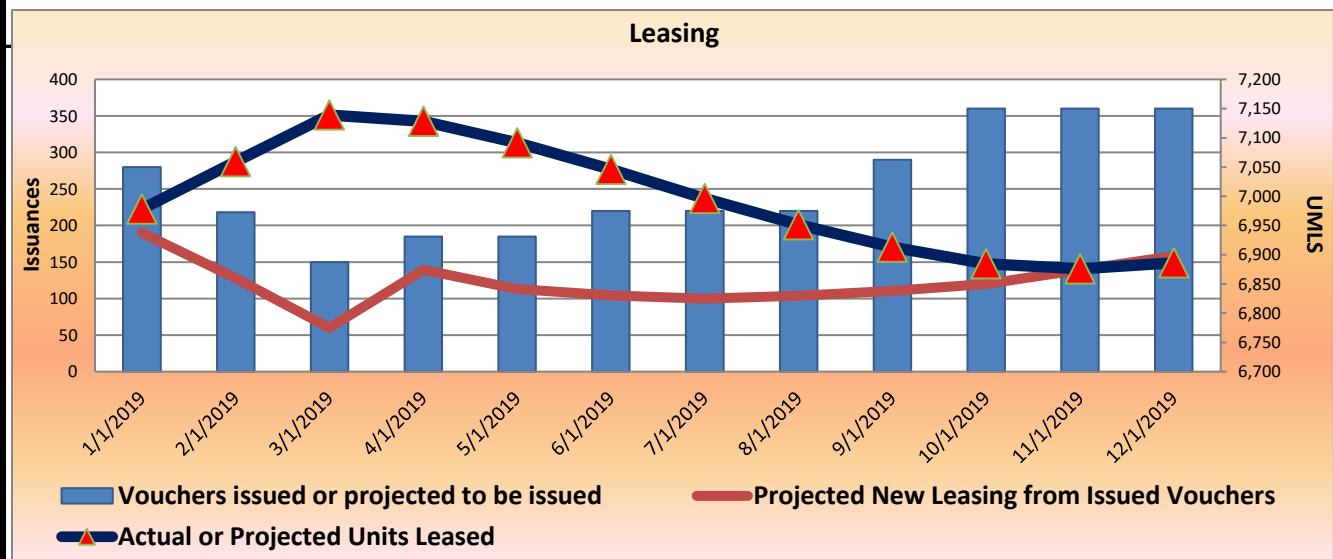
Prepared for: City Board of Commissioners

Prepared by: Housing Choice Department

Under 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 Two-Year Tool estimates the program to end the current year with \$1,382,674 HAP reserves, or 3% 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%	10%	Leased in	Percent
Year 1 PUC (Average monthly cost of a voucher - Year 1)		0-30 Days	16%
		31-60 Days	29%
		61-90 Days	22%
		91-120 Days	19%
		121-150 Days	14%
\$571			

After deciding upon the above variables, the largest driver of the program revolves around the decision to issue vouchers. This scenario includes issuing 3,048 in the 2019, which includes new admissions and moves. 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 \$446,325 this year and no offset the following year. Additionally, the higher of this year's leased units (98.3%) or dollars (107.1%) is 107.1%, indicating full leasing indicator points in SEMAP. This is an estimate.

CA006 Summary

HAP expenditures for January totaled \$3,875,352 with a HAP utilization rate for the month of January of 103.9%. Current voucher utilization for the month of January is 98.3% with an overall projected voucher utilization rate for CY 2019 of 98.3% (Non-VASH).

HCV Leasing and Spending Projection

CA028 Two-Year Voucher Forecasting Summary

3/13/2019

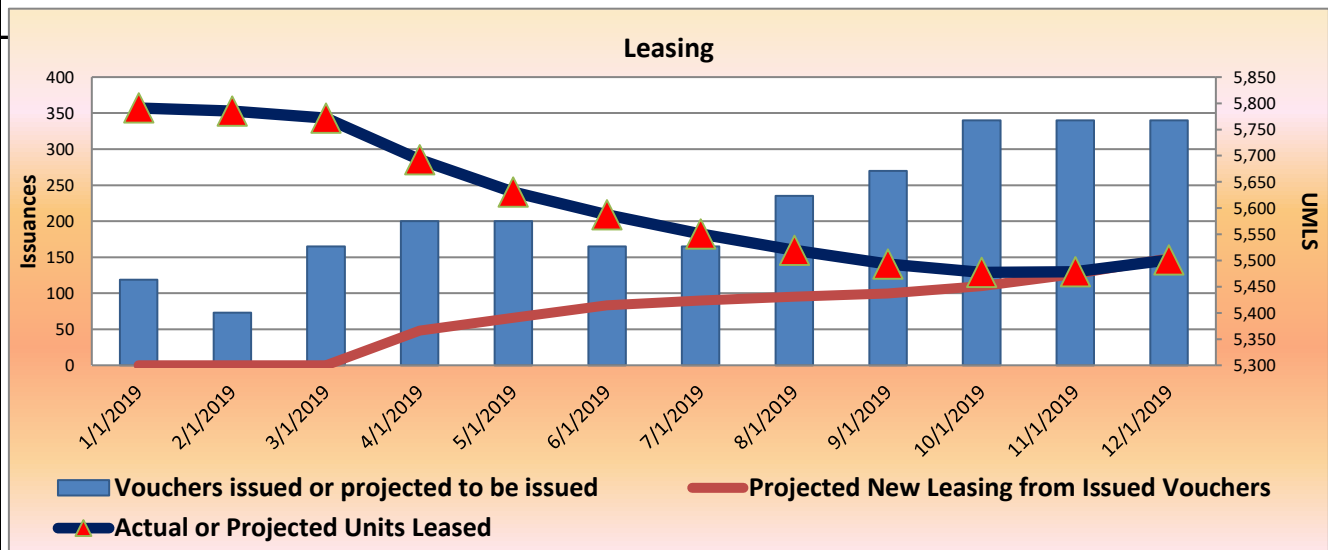
Prepared for: County Board of Commissioners

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 Two-Year Tool estimates the program to end the current year with \$383,848 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%	10%	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%
\$564		91-120 Days	19%
		121-150 Days	14%

After deciding upon the above variables, the largest driver of the program revolves around the decision to issue vouchers. This scenario includes issuing 2,612 in 2019, which includes new admissions and moves. 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 \$54,038 this year and no offset the following year. Additionally, the higher of this year's leased units (99.2%) or dollars (108.0%) is 108.0%, indicating full leasing indicator points in SEMAP. This is an estimate.

CA028 Summary

HAP expenditures for January totaled \$3,174,850 with a HAP utilization rate for the month of January of 108.5%. Current voucher utilization for the month of January is 102.5% with an overall projected voucher utilization rate for CY 2019 of 99.2%.