



# Boards of Commissioners Update

September 2019

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

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## BOARD UPDATE

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**TO:** Boards of Commissioners

Fresno Housing Authority

**DATE:** September 16, 2019

**AUTHOR:** Emily De La Guerra

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

**SUBJECT:** Fresno Housing Operating Budget as of July 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 July 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 July, total revenues are \$26.7 million, which is \$944 thousand less than anticipated. However, total operating expenses are \$2.1 million less than budgeted at \$22.3 million for the first seven months of the year. This puts net operating income at \$4.4 million, which is \$1.2 million better than budgeted. As of July, the Agency has added \$731 thousand to unrestricted reserves, which is \$884 thousand better than budgeted at this point in the year.

#### OPERATING BUDGET

TOTAL INCOME

TOTAL EXPENSES

**NET OPERATING INCOME**

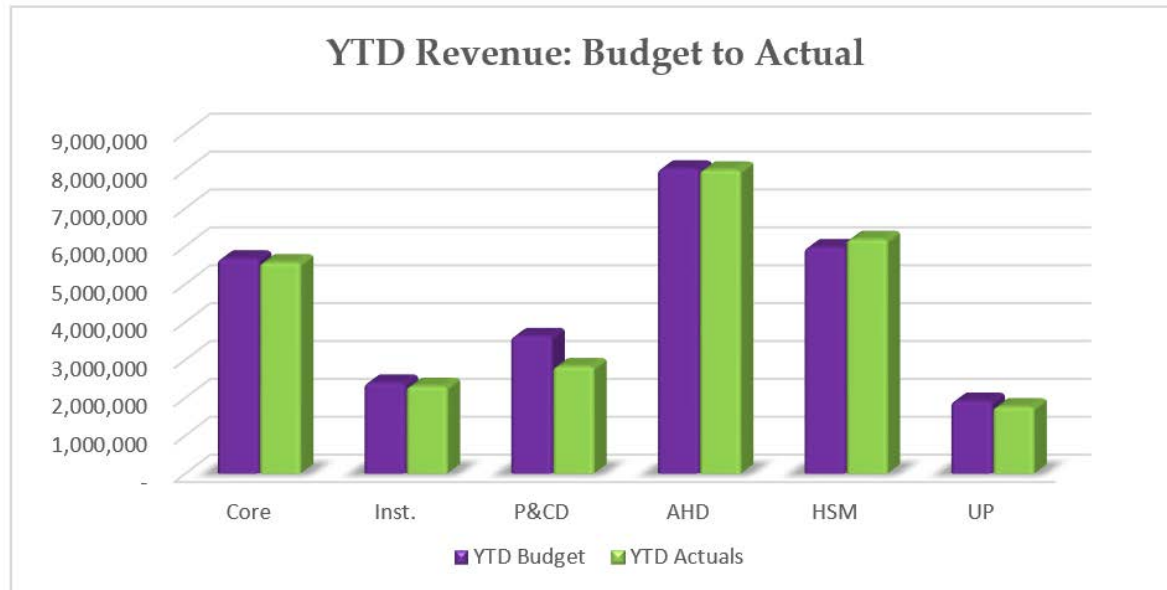
TOTAL NON-OPERATING EXPENSES

**NET INCOME**

**UNRESTRICTED NET INCOME**

Fresno Housing Authority			
	Annual Budget	YTD Budget	YTD Actuals
TOTAL INCOME	45,863,676	27,620,111	26,675,789
TOTAL EXPENSES	42,114,451	24,366,763	22,262,624
<b>NET OPERATING INCOME</b>	<b>3,749,225</b>	<b>3,253,348</b>	<b>4,413,165</b>
TOTAL NON-OPERATING EXPENSES	1,693,553	987,906	1,186,602
<b>NET INCOME</b>	<b>2,055,672</b>	<b>2,265,442</b>	<b>3,226,563</b>
<b>UNRESTRICTED NET INCOME</b>	<b>(1,124,696)</b>	<b>(152,272)</b>	<b>731,796</b>

## Agency Revenue

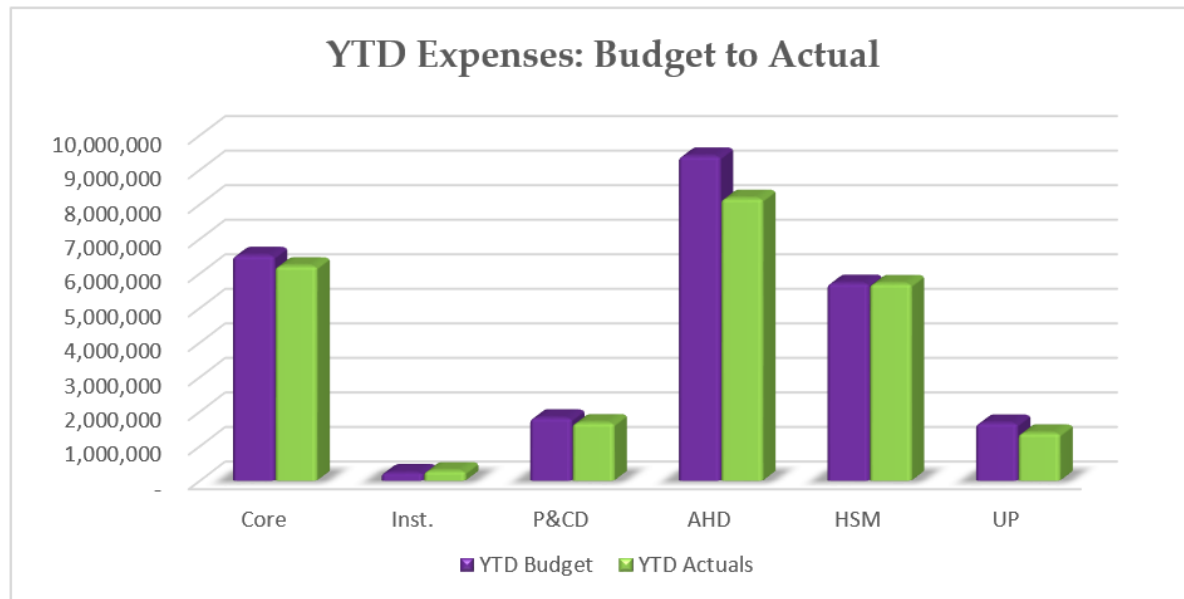


UP - Unrestricted Properties: Agency-owned non-subsidized properties, for example Dayton, Woodside, and San Ramon (formerly known as Affordable Housing)  
HSM - Housing Management: Restricted, subsidized properties including all public housing, farm labor and migrant properties  
AHD - Assisted Housing 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 \$26.7 million, or 3% less than the year-to-date budget largely due to the timing of developer fees to P&CD.

- **P&CD:** No Developer fees were received in July. Staff anticipates the developer fees for several projects, including Legacy Commons I, Cueva de Oso, Memorial Village, and Fenix @ Calaveras will be received in the fourth quarter of 2019.

## 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

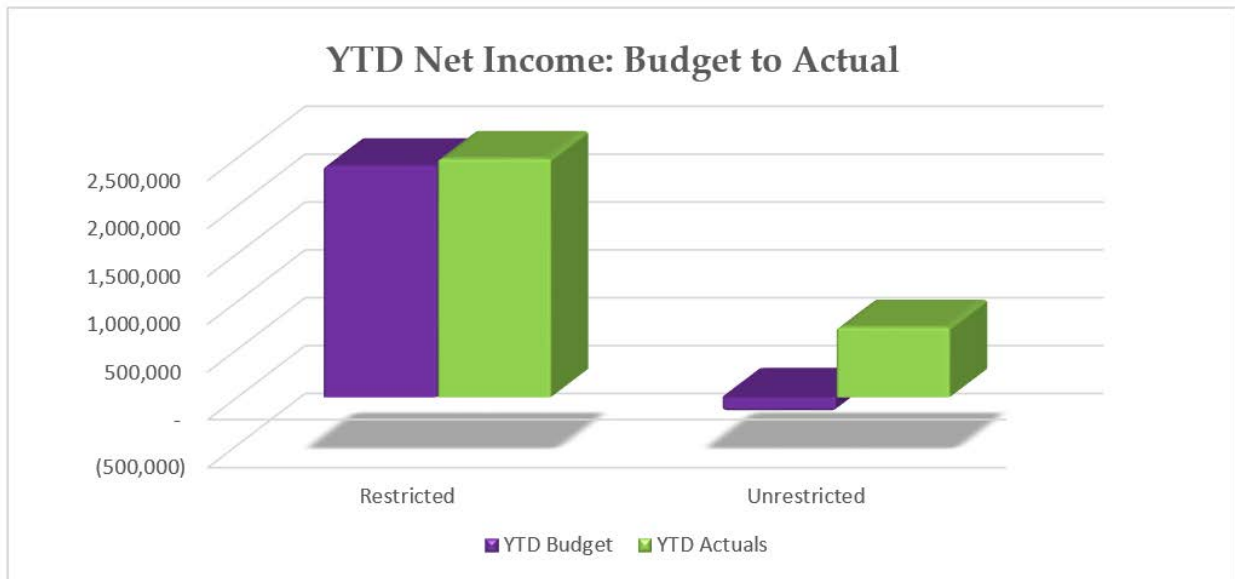
Inst. - Instrumentalities: Wholly-owned subsidiaries of the Agency, including HRFC, HSIC, and Silvercrest

Core: Administrative Services departments including Accounting, Executive, Human Resources and Asset Management

Overall, year-to-date operating expenses are \$22.3 million and non-operating expenses are \$1.2 million, which together are about 7.5% lower than budgeted.

- **Agency-wide:** Payroll Expenses are approximately \$1.1 million (10%) 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 and Tenant Services Expenses are approximately \$840 thousand (9%) lower than budgeted across the Agency. Approximately \$250 thousand of this variance is attributed to the High Income Pilot and Workforce Development programs within the Assisted Housing Division.

## Agency Net Income



- Unrestricted net income is approximately \$884 thousand higher than budgeted as of July 2019. This variance will decrease throughout the year as new pilot programs begin.
- Restricted net income is approximately \$77 thousand higher than budgeted due to the Boards' approval of a \$1.5 million transfer of funds from the Housing Authority to HRFC, which was slightly higher than the \$1.35 million initially budgeted.

Fresno Housing Authority  
Financial Results as of July 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	3,130,444	3,268,488	2,550,710	1,487,914	1,348,646	7,917,186	4,618,359	4,617,134	(1,225)	0%
INTEREST INCOME	8,000	4,667	10,794	1,713,000	999,250	784,235	-	-	-	-	-	-	-	-	-	-	-	-	1,721,000	1,003,917	795,029	(208,888)	-21%
OTHER INCOME	974,000	568,167	441,076	1,350,000	1,350,000	1,500,000	170,000	99,167	231,575	1,157,705	675,328	701,670	25,996	15,164	64,117	712,302	415,510	415,032	4,390,003	3,123,335	3,353,470	230,135	7%
ADMIN & MANAGEMENT FEE INCOME	8,739,908	5,098,280	5,119,886	80,000	46,667	22,320	-	-	-	-	-	-	-	-	-	-	-	-	8,819,908	5,144,946	5,142,206	(2,740)	0%
DEVELOPER FEE INCOME	-	-	-	-	-	-	5,521,860	3,524,885	2,597,504	-	-	-	-	-	-	-	-	-	5,521,860	3,524,885	2,597,504	(927,381)	-26%
HUD GRANT INCOME	-	-	-	-	-	-	-	-	-	12,118,911	7,069,365	6,970,131	4,282,660	2,498,218	2,615,361	-	-	-	16,401,571	9,567,583	9,585,492	17,909	0%
OTHER GRANT INCOME	-	-	-	-	-	-	-	-	-	514,532	300,143	345,620	555,418	323,994	235,496	22,199	12,949	3,838	1,092,149	637,087	584,954	(52,133)	-8%
TOTAL INCOME	9,721,908	5,671,113	5,571,756	3,143,000	2,395,917	2,306,555	5,691,860	3,624,052	2,829,079	13,791,148	8,044,836	8,017,421	10,230,550	5,967,821	6,183,462	3,285,211	1,916,373	1,767,516	45,863,676	27,620,111	26,675,789	(944,322)	-3%
EXPENSES																							
PAYROLL EXPENSES	7,023,013	4,096,758	3,802,195	-	-	-	1,450,179	845,938	724,491	7,584,893	4,374,521	3,909,967	2,422,006	1,412,837	1,241,917	487,913	284,616	246,599	18,968,005	11,014,669	9,925,169	(1,089,500)	-10%
ADMINISTRATIVE EXPENSES	3,418,339	1,994,031	2,051,297	382,150	222,921	239,008	1,645,312	959,766	945,679	5,802,611	3,284,857	3,145,510	1,875,579	1,094,088	1,024,811	332,471	193,942	153,468	13,456,463	7,749,604	7,559,773	(189,831)	-2%
TENANT SERVICES EXPENSES	51,000	29,750	28,374	-	-	-	5,000	2,917	-	2,967,050	1,680,779	1,056,142	246,757	143,941	124,698	6,450	3,763	1,159	3,276,257	1,861,150	1,210,373	(650,777)	-35%
UTILITY EXPENSES	172,144	100,417	88,352	-	-	-	-	-	-	-	-	-	1,737,628	1,013,616	969,167	458,690	267,569	234,638	2,368,462	1,381,603	1,292,157	(89,446)	-6%
MAINTENANCE EXPENSES	474,662	276,886	219,955	-	-	-	9,000	5,250	7,392	92,899	54,191	60,122	2,024,446	1,180,927	1,217,845	891,435	520,003	402,662	3,492,442	2,037,258	1,907,976	(129,282)	-6%
TAXES & INSURANCE EXPENSES	44,300	25,842	28,413	8,900	5,192	7,061	6,600	3,850	911	7,451	4,346	4,109	419,546	244,735	277,898	66,025	38,515	48,784	552,822	322,479	367,176	44,697	14%
TOTAL EXPENSES	11,183,459	6,523,684	6,218,586	391,050	228,113	246,069	3,116,092	1,817,720	1,678,473	16,454,904	9,398,694	8,175,850	8,725,963	5,090,145	4,856,336	2,242,984	1,308,407	1,087,310	42,114,451	24,366,763	22,262,624	(2,104,139)	-9%
NET OPERATING INCOME	(1,461,551)	(852,572)	(646,830)	2,751,950	2,167,804	2,060,486	2,575,768	1,806,332	1,150,606	(2,663,756)	(1,353,858)	(158,429)	1,504,587	877,676	1,327,126	1,042,227	607,966	680,206	3,749,225	3,253,348	4,413,165	1,159,817	36%
NON-OPERATING EXPENSES																							
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	42,033	-	-	-	-	-	-	543,556	317,075	578,027	287,600	167,767	80,875	831,156	484,841	700,935	216,094	45%
TOTAL FINANCING EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-	532,613	310,691	272,785	329,784	192,374	212,882	862,397	503,065	485,667	(17,398)	-3%
TOTAL ADJUSTMENTS & OPERATING TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	42,033	-	-	-	-	-	-	1,076,169	627,765	850,812	617,384	360,141	293,757	1,693,553	987,906	1,186,602	198,696	20%
NET INCOME	(1,461,551)	(852,572)	(646,830)	2,751,950	2,167,804	2,018,453	2,575,768	1,806,332	1,150,606	(2,663,756)	(1,353,858)	(158,429)	428,418	249,910	476,314	424,843	247,825	386,449	2,055,672	2,265,442	3,226,563	961,121	42%
UNRESTRICTED NET INCOME	(1,461,551)	(852,572)	(646,830)				2,575,768	1,806,332	1,150,606	(2,663,756)	(1,353,858)	(158,429)				424,843	247,825	386,449	(1,124,696)	(152,272)	731,796	884,068	581%



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**TO:** Boards of Commissioners

Fresno Housing Authority

**DATE:** September 16, 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

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### Executive Summary

The purpose of this memo is to update the Boards of Commissioners on July 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.

In July, the Agency applied for set-aside funding under the portability category. These set-aside funds are reserved specifically for agencies that have high HAP costs for families who chose to move to another jurisdiction and the receiving agency chooses to administer the family's voucher rather than absorb them into their voucher program. The County program was awarded an additional \$202 thousand of portability set-aside funds. Due to its high beginning balance in HAP reserves and despite the proceeding offset by HUD, the City program was not eligible to receive set-aside funds.

### City HCV

HAP expenditures for the month of July totaled \$4,257,962 with a HAP utilization rate for the month of July of 114.2%. The overall projected HAP utilization rate is 111%, with a potential HAP reserve shortfall of \$682 thousand. Staff are working with HUD's Shortfall Prevention Team (SPT) and industry experts to mitigate the shortfall. Should the program have a shortfall at year-end, and the SPT is satisfied with the Agency's shortfall mitigation actions, HUD will increase the program's funding to cover the shortfall. 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 strategically spending down HAP reserves in order to provide higher payment



standards to clients facing a tight rental market and increase our baseline budget authority for 2020 which will ultimately better serve our community, and prevent offsets in future years.

Current voucher utilization for the month of July is 103% with an overall projected voucher utilization for CY 2019 of 100.8%, which would earn the Agency maximum points for leasing under SEMAP, but potentially place it in overleased status. City voucher issuances for new applicants have ceased and are limited to families served by Veterans Affairs Supportive Housing (VASH) vouchers. The team continues to monitor attrition and the impact of the strategies put in place to manage the current leasing status. Staff expects to begin issuing vouchers toward the end of 2019 or early 2020.

### **County HCV**

HAP expenditures for the month of July totaled \$3,281,725 with a HAP utilization rate for the month of July of 111.5%. The overall projected HAP utilization rate is 109.3%, with a potential HAP reserve shortfall of \$33 thousand. Similar to the City program, should the County program have a shortfall at year-end, and the SPT is satisfied with the Agency's shortfall mitigation actions, HUD will increase the program's funding to cover the shortfall. Again, the Agency has been strategically spending down HAP reserves to assist families in leasing up in a competitive housing market, to increase our baseline budget authority for 2020, and mitigate the risk for future offsets. The County HCV program did not have any reserves offset in 2019.

Current voucher utilization for the month of July is 103.1% with an overall projected voucher utilization rate for CY 2019 of 101%, which would earn the Agency maximum points for leasing under SEMAP but potentially place it in overleased status. County voucher issuances for new applicants have ceased. The team continues to monitor attrition and the impact of strategies put in place to manage the current leasing status. Staff expects to begin issuing vouchers toward the end of 2019 or early 2020.

### **Leasing Update**

Since current projections indicate low-to-insufficient reserves by end of the year, staff has applied for shortfall set-aside funding that would eliminate the shortfall. These funds are separate from the aforementioned portability funds and are designated specifically for agencies that have taken reasonable cost savings measures but may still have insufficient funds. Staff continues to hold monthly communications with the HUD SPT team and will be notified of any additional funding toward the end of 2019.

# HCV Leasing and Spending Projection

## CA006 Two-Year Voucher Forecasting Summary

9/12/2019

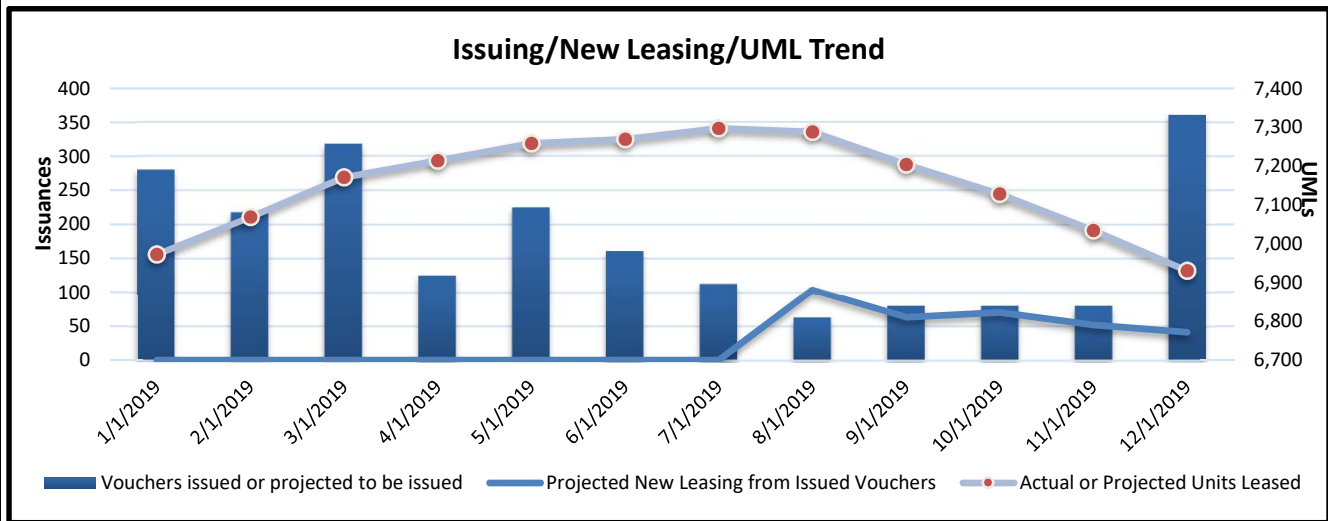
Prepared for: City Board of Commissioners

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 -\$681,652, or -2% 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
Year 1 PUC (Average monthly cost of a voucher - Year 1)		0-30 Days	6%
		31-60 Days	18%
		61-90 Days	19%
		91-120 Days	15%
		121-150 Days	42%
\$579			

This leasing scenario results in a total of 331 new lease-ups for the remainder of the 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 (100.8%) or dollars (111.0%) is 111.0%, indicating full leasing indicator points in SEMAP. This estimate has been adjusted for VASH.

## CA006 Summary

HAP expenditures for July totaled \$4,257,962 with a HAP utilization rate for the month of July of 114.2%. Current voucher utilization for the month of July was 103% with an overall projected voucher utilization rate for CY 2019 of 100.8%. These utilization rates have been adjusted for VASH.

# HCV Leasing and Spending Projection

## CA028 Two-Year Voucher Forecasting Summary

9/12/2019

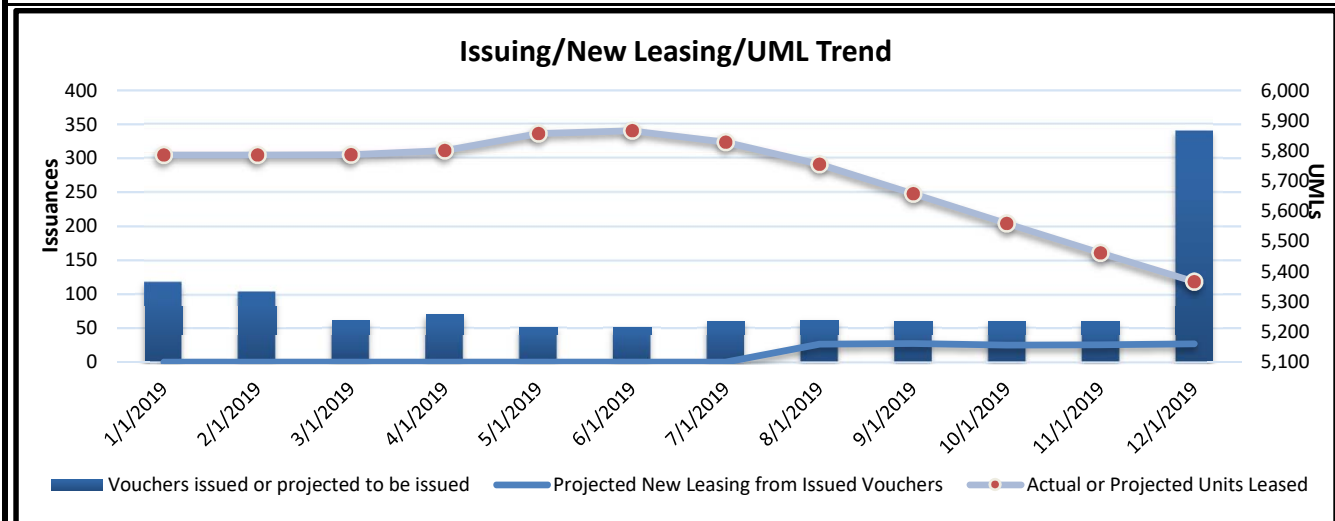
Prepared for: County Board of Commissioners

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 -\$32,896, 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	6%
Year 1 PUC		31-60 Days	18%
(Average monthly cost of a voucher - Year 1)		61-90 Days	19%
\$564		91-120 Days	15%
		121-150 Days	42%

This leasing scenario results in a total of 131 new lease-ups for the remainder of the 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 (101.0%) or dollars (109.3%) is 109.3%, indicating full leasing indicator points in SEMAP. This is an estimate.

## CA028 Summary

HAP expenditures for July totaled \$3,281,725 with a HAP utilization rate for the month of July of 111.5%. Current voucher utilization for the month of July was 103.1% with an overall projected voucher utilization rate for CY 2019 of 101%.

## BOARD UPDATE

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**TO:** Boards of Commissioners  
Fresno Housing Authority  
**FROM:** Preston Prince  
CEO/Executive Director

**DATE:** September 16, 2019  
**BOARD MEETING:** September 24, 2019  
**AGENDA ITEM:** Number  
**AUTHOR:** Christina Husbands

**SUBJECT:** Agency Request for Proposals for Project-Based Vouchers

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### Executive Summary

As part of Fresno Housing's mission to provide housing opportunities for low and moderate income households within a variety of neighborhoods, and to support new development of permanent supportive housing and infill/rehabilitation projects in depressed neighborhoods, staff will be releasing a Request for Proposals ("RFP") for Project-Based Vouchers ("PBV's) on or around September 16, 2019.

The selection of proposals requesting PBV's will allow our agency to fulfill our commitment towards the 600 special needs vouchers allocated through IGNITE and to further our commitment to improve on depressed neighborhoods through the rehabilitation of smaller multifamily units.

It is anticipated that the selected proposals would be presented to the Boards for consideration of PBV awards at the October, 2019 Board meeting.

### Recommendation

None. Informational only.