



# Boards of Commissioners Update

January 2021

## **Boards of Commissioners Update – January 2021**

### **Table of Contents**

<b>Topic:</b>	<b>Page</b>
<b>Update on 2020 Leasing and Housing Assistance Payments for the Housing Choice Voucher Program</b>	<b>3</b>
<b>Homekey Progress Update</b>	<b>7</b>
<b>Fresno Housing Operating Budget as of November 30, 2020</b>	<b>13</b>

## BOARD UPDATE

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[www.fresnohousing.org](http://www.fresnohousing.org)

**TO:** Boards of Commissioners

Fresno Housing Authority

**DATE:** January 15, 2021

**AUTHOR:** Aurora Ibarra

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

**SUBJECT:** Update on 2020 Leasing and Housing Assistance Payments for the Housing Choice Voucher (HCV) Program

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### Executive Summary

The purpose of this memo is to update the Boards of Commissioners on November Housing Assistance Payments (HAP) and leasing activities, and projections leading through the end of 2020.

### Leasing Update

With the ongoing status of the COVID-19 pandemic, staff continue to evaluate needs and challenges of residents and provide assistance through the leasing process. The current state of our rental market has posed some unique challenges in the housing search process with some rental offices not readily available, transportation, and low vacancy rates. Discussions with landlords and staff that work closely with property owners have provided some insight on what may help incentivize landlords to participate in our HCV program and in turn, help facilitate and expedite the lease process for our residents.

Staff continue to review applicant files submitted through the Rent Café intake system, issue vouchers remotely, and allow for reasonable accommodation requests when applicable. Applicants continue to have access to video briefings online and meet with FH Staff for phone briefings, as needed. Extensions are granted on search timelines for families who currently hold a voucher but need more time, to mitigate some of the challenges families may be experiencing related to COVID-19. The department also continues its landlord outreach strategies to recruit potential landlords who would provide leasing opportunities for our families.

### City HCV

HAP expenditures for the month of November are projected to be \$4,230,510 with a HAP utilization rate for the month of November of 98.2%. The overall projected HAP utilization rate is 97.7%, which would earn the Agency maximum points for leasing under SEMAP. As part of COVID waivers granted to PHAs across the nation, HUD informed our agency that we could use 2019 SEMAP score for the 2020 reporting year (which was High Performer) due to pandemic

related delays and we elected to do so. Staff continues to use the SEMAP scoring factors as a guide to self-monitor program performance.

Voucher utilization for the month of November was 96.4% with an overall projected voucher utilization for CY 2020 of 98%.

### **County HCV**

HAP expenditures for the month of November are projected to be \$3,286,115 with a HAP utilization rate for the month of November of 99.3%. The overall projected HAP utilization rate is 98.1%, which would earn the Agency maximum points for leasing under SEMAP. HUD informed our agency that we could use 2019 SEMAP score for the 2020 reporting year (which was High Performer) due to pandemic related delays and we agreed to do so. Staff continues to use the SEMAP scoring factors as a guiding tool to self-monitor program performance.

Voucher utilization for the month of November was 96.6% with an overall projected voucher utilization for CY 2020 of 97.1%.

# HCV Leasing and Spending Projection

## CA006 Two-Year Voucher Forecasting Summary

1/15/2021

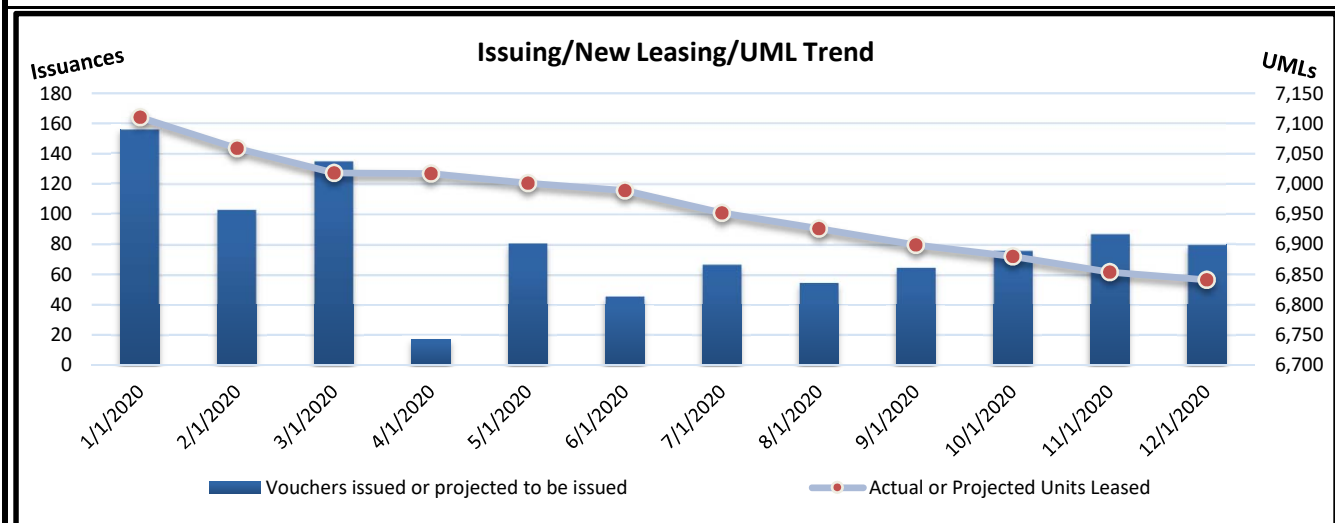
Prepared for: City Board of Commissioners

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 \$1,125,040, 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)	
55%	7.8%	Leased in	Percent
		0-30 Days	8%
2020 PUC		31-60 Days	25%
(Average monthly cost of a voucher - 2020)		61-90 Days	20%
\$606		91-120 Days	16%
		121-150 Days	31%

Please see the below graph, which shows issued vouchers and associated leasing, as well as the total program UMLs, which takes into account program attrition:



The City Program had no HAP offset this year. Additionally, the higher of this year's leased units (98.0%) or dollars (97.7%) is 98.0%, indicating full leasing indicator points in SEMAP. This estimate has been adjusted for VASH.

## CA006 Summary

HAP expenditures for November are projected to be \$4,230,510 with a monthly HAP utilization rate of 98.2%. Voucher utilization for the month of November was 96.4% with an overall projected voucher utilization rate for CY 2020 of 98%. These utilization rates have been adjusted for VASH.

# HCV Leasing and Spending Projection

## CA028 Two-Year Voucher Forecasting Summary

1/15/2021

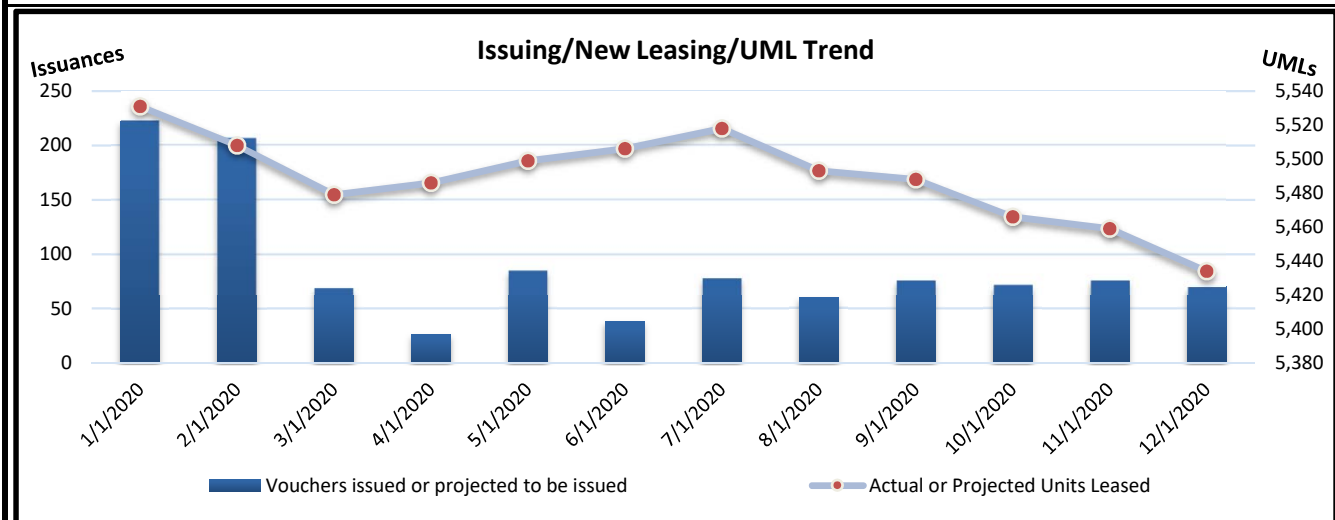
Prepared for: County Board of Commissioners

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 \$744,316, or 1.9% 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)	
55%	7.3%	Leased in	Percent
		0-30 Days	8%
2020 PUC		31-60 Days	25%
(Average monthly cost of a voucher - 2020)		61-90 Days	20%
\$592		91-120 Days	16%
		121-150 Days	31%

Please see the below graph, which shows issued vouchers and associated leasing, as well as the total program UMLs, which takes into account program attrition:



The County Program had no HAP offset this year. Additionally, the higher of this year's leased units (97.1%) or dollars (98.1%) is 98.1%, indicating full leasing indicator points in SEMAP. This is an estimate.

## CA028 Summary

HAP expenditures for November are projected to be \$3,286,115 with a monthly HAP utilization rate of 99.3%. Current voucher utilization for the month of November was 96.6% with an overall projected voucher utilization rate for CY 2020 of 97.1%.

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**TO:** Boards of Commissioners

Fresno Housing Authority

**FROM:** Real Estate Development

**SUBJECT:** Homekey Program Update

**DATE:** January 15, 2021

**AUTHOR:** Dave Brenner

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### Homekey Program Update

On November 17, 2020, the Boards approved acceptance of four Homekey program awards for Day's Inn, Motel 99, Parkside Inn, and Welcome Inn. Shortly thereafter, the California Department of Housing and Community Development (HCD) executed Standard Agreements and released funding. On December 2, 2020, Silvercrest, Inc. took ownership of all four properties.

On December 3rd, 2020, the maintenance team began coordinating a group of small local contractors. In less than 30 days, the team completed \$2,130,000 in repair work across the four properties. The team worked through holidays, bad weather, and material and labor coordination challenges, all while learning the ins and outs of the four new properties.

Repairs completed:

- Parking lot replacement
- Installation of vinyl plank flooring
- Interior painting
- Repair of damaged railings and carports
- Roof replacement
- Furniture removal and replacement
- Enhancements to increase ADA accessibility
- Fence replacement
- As needed HVAC replacement

	<b>Day's Inn</b>	<b>Motel 99</b>	<b>Parkside Inn</b>	<b>Welcome Inn</b>
Acquisition cost	\$ 4,790,000	\$ 4,425,000	\$ 3,000,000	\$ 4,400,000
Repair and replacement	\$ 565,202	\$ 473,023	\$ 498,547	\$ 599,798
Furniture and soft costs	\$ 503,577	\$ 361,102	\$ 260,577	\$ 306,365
<b>Total</b>	<b>\$ 5,858,779</b>	<b>\$ 5,259,125</b>	<b>\$ 3,759,124</b>	<b>\$ 5,306,163</b>

During this same period, the Agency's Assisted Housing and Housing Management Divisions began planning for occupancy of the properties. This included the creation of property management strategies and policies, staffing plans, and resident outreach. The team also worked to relocate residents living in the motels to newly renovated units at Day's Inn.

The Real Estate Development staff worked simultaneously to complete final assessments of the properties, including land and building surveys necessary for the launch of architectural work. The team has had early financial planning sessions as they look towards the future conversion of the properties to permanent affordable housing.

The expenditure of over \$20,000,000 in less than 30 days was a huge task for the Agency's accounting department. Staff worked long hours through the holidays to ensure all receipts were processed and paid.

In the coming weeks, the Assisted Housing Division will oversee the start of initial occupancy. Staff will coordinate between Turning Point, the City of Fresno, Live Again Fresno, and members of the Continuum of Care to accommodate the large number of anticipated move-ins. The properties are expected to be fully operational by February 1<sup>st</sup>, 2021.

### **Recommendation**

None at this time. Informational only.















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**TO:** Boards of Commissioners

Fresno Housing Authority

**DATE:** January 15, 2021

**AUTHOR:** Emily De La Guerra

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

**SUBJECT:** Fresno Housing Operating Budget as of November 30, 2020

### Executive Summary

The purpose of this update is to present an overview of the financial operating results for the Fresno Housing Authority as of November 30, 2020. 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 2020 Operating Budget was approved by the Boards of Commissioners in December 2019 with total revenues of \$44.7 million and total operating expenses of \$41.9 million. As of November, total revenues are \$40.8 million, which is \$714 thousand less than anticipated. However, total operating expenses are \$3.8 million less than budgeted at \$34.5 million through November. This puts net operating income at \$6.3 million, which is \$3.1 million better than budgeted. As of November, the Agency has added \$2.8 million in unrestricted reserves, which is \$2.2 million better than budgeted at this point in the year. Staff expects this variance to decrease by year-end as projects are completed and additional expenses are incurred. The variance in unrestricted net income is mainly due to the timely receipt of projected developer fee revenue and expense reductions across the Agency.

#### OPERATING BUDGET

TOTAL INCOME

TOTAL EXPENSES

**NET OPERATING INCOME**

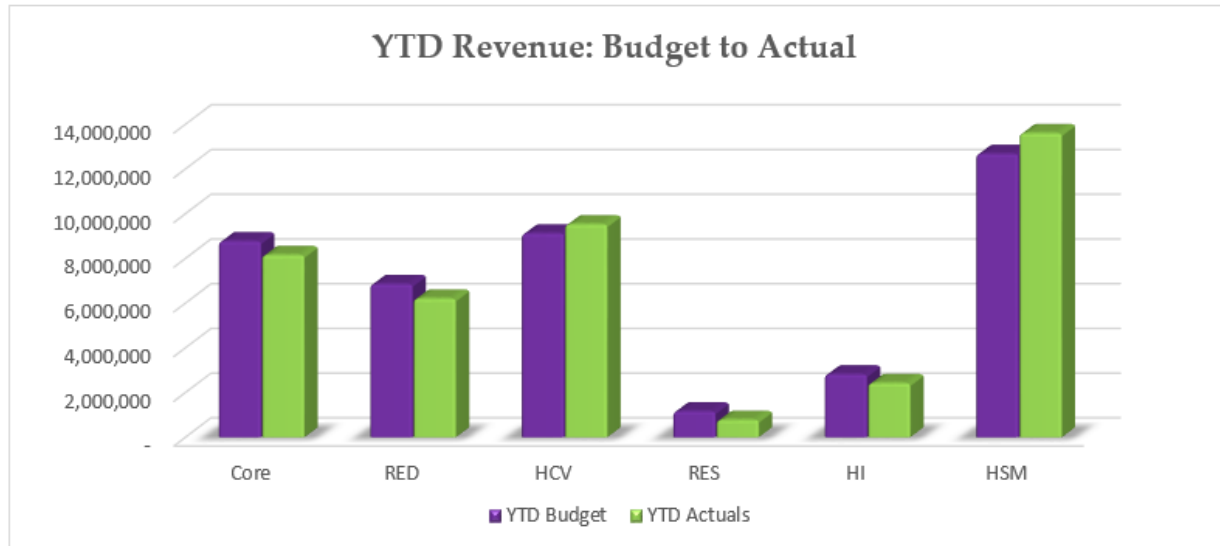
TOTAL NON-OPERATING EXPENSES

**NET INCOME**

**UNRESTRICTED NET INCOME**

Fresno Housing Authority			
	Annual Budget	YTD Budget	YTD Actuals
TOTAL INCOME	44,702,882	41,469,579	40,755,375
TOTAL EXPENSES	41,945,895	38,299,535	34,502,439
<b>NET OPERATING INCOME</b>	<b>2,756,987</b>	<b>3,170,044</b>	<b>6,252,936</b>
TOTAL NON-OPERATING EXPENSES	1,951,123	1,788,529	1,871,774
<b>NET INCOME</b>	<b>805,864</b>	<b>1,381,515</b>	<b>4,381,162</b>
<b>UNRESTRICTED NET INCOME</b>	<b>(14,874)</b>	<b>610,166</b>	<b>2,830,180</b>

## Agency Revenue

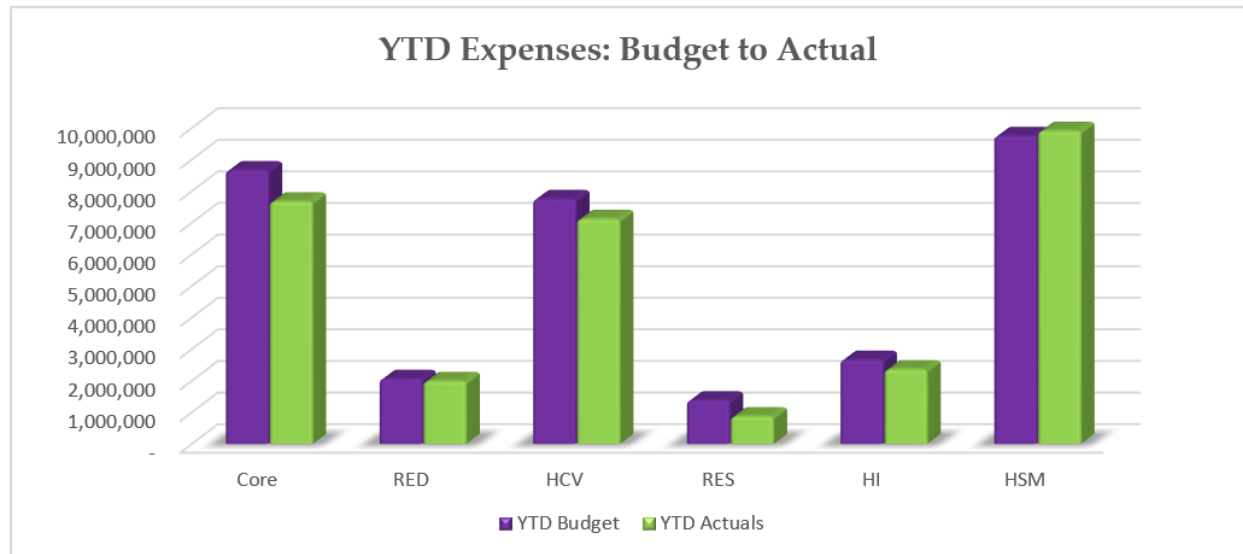


Core - Administrative Services departments including Accounting, Executive, Human Resources and Asset Management  
 RED - Real Estate Development: Real Estate Development, Construction Management departments and wholly-owned subsidiaries of the Agency, including HRFC, HSIC, and Silvercrest  
 HCV - Housing Choice Voucher programs  
 RES - Resident Empowerment Services: Resident Services  
 HI - Housing Initiatives or Homeless Programs  
 HSM - Housing Management: Agency-owned properties, including subsidized properties (public housing, farm labor and migrant properties) and non-subsidized properties, including Dayton, Woodside, El Cortez, and San Ramon

- Overall, year-to-date revenue is \$40.8 million, or 2% less than the year-to-date budget, largely due to a modest reduction in HUD Grant Income in HI and RES. This income based on reimbursements of actual expenses, thus making their net effect neutral.
- **RED:** Developer fees totaling \$910 thousand for Paseo 55 were received in October and November.
- **RES & HI:** HUD Grant Income is less than budgeted, however, the net effect on the overall budget is neutral as most of these grants operate on a reimbursement basis



## Agency Expenses



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

RED - Real Estate Development: Real Estate Development, Construction Management departments and wholly-owned subsidiaries of the Agency, including HRFC, HSIC, and Silvercrest

HCV - Housing Choice Voucher programs

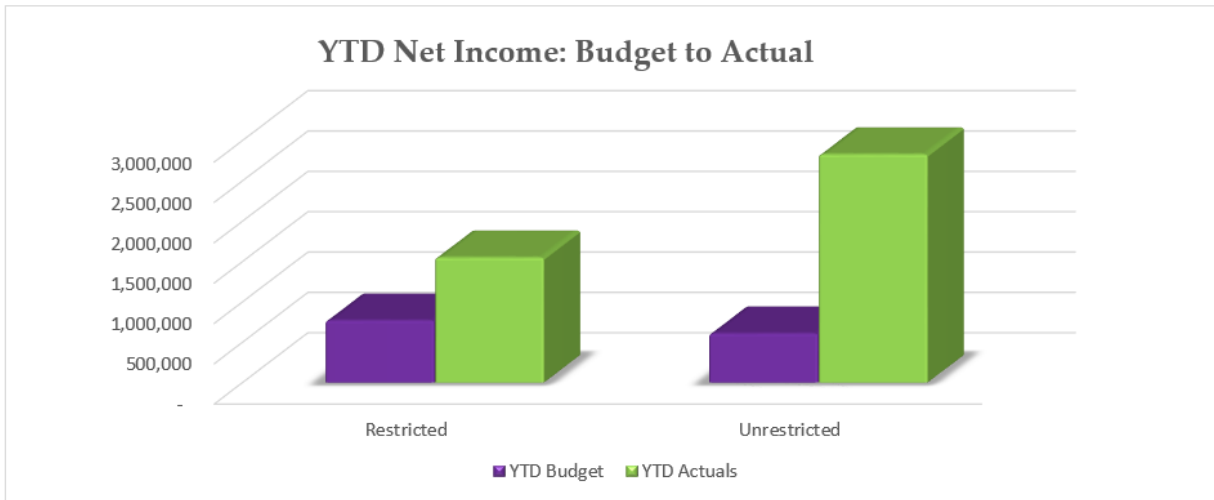
RES - Resident Empowerment Services: Resident Services

HI - Housing Initiatives or Homeless Programs

HSM - Housing Management: Agency-owned properties, including subsidized properties (public housing, farm labor and migrant properties) and non-subsidized properties, including Dayton, Woodside, El Cortez, and San Ramon

- Overall, year-to-date operating expenses are \$34.5 million and non-operating expenses are \$1.9 million, which together are about 9% lower than budgeted.
- Agency-wide: Payroll Expenses are approximately \$1.6 million (9%) lower than anticipated due to delays in hiring new and backfill positions.
- Agency-wide: Administrative Expenses are approximately \$1.5 million (14%) lower than budgeted across the Agency. As the year ends, Professional & Consulting Fees and Administrative Contract costs will increase as ongoing projects are finalized.
- HI: Tenant Services Expenses are lower than budgeted at this point in the year. These represent tenant rent payments within homeless service and rental assistance grants. If these dollars remain unspent, they can roll over into the next grant period.

## Agency Net Income



- Unrestricted net income is approximately \$2.2 million higher than budgeted as of November 2020, mainly due to hiring delays.
- Restricted net income is approximately \$779 thousand higher than budgeted due to increased public housing operating subsidy revenue within the Housing Management Division, increased Administrative Fee Revenue and lower payroll expenses within the Housing Choice Voucher program.



Fresno Housing Authority  
Financial Results as of November 30, 2020

	Core			RED			HCV			RES			HI			HSM			Fresno Housing Authority		
	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,835,391	7,182,442	7,639,424	7,835,391	7,182,442	7,639,424
INTEREST INCOME	90,000	82,500	39,978	800,000	733,333	205,646	-	-	1,907	-	-	-	-	-	-	-	-	604	890,000	815,833	248,134
OTHER INCOME	950,000	870,833	296,043	170,000	155,833	312,638	800	733	2,688	704,346	645,651	660,479	195,086	178,829	238,694	402,867	369,295	682,645	2,423,099	2,221,174	2,193,187
ADMIN & MANAGEMENT FEE INCOME	8,539,951	7,828,288	7,827,882	80,000	73,333	11,117	-	-	-	-	-	-	-	-	-	-	-	-	8,619,951	7,901,622	7,838,999
DEVELOPER FEE INCOME	-	-	-	5,903,245	5,903,245	5,686,027	-	-	-	-	-	-	-	-	-	-	-	-	5,903,245	5,903,245	5,686,027
HUD GRANT INCOME	-	-	-	-	-	-	9,909,331	9,083,553	9,525,987	575,916	527,923	128,429	2,808,090	2,574,083	1,414,292	4,314,643	3,955,089	4,083,805	17,607,980	16,140,648	15,152,512
OTHER GRANT INCOME	-	-	-	-	-	-	50,000	45,833	9,485	-	-	1,972	83,025	76,106	779,398	1,290,191	1,182,675	1,206,237	1,423,216	1,304,615	1,997,092
TOTAL INCOME	9,579,951	8,781,622	8,163,903	6,953,245	6,865,745	6,215,427	9,960,131	9,130,120	9,540,067	1,280,262	1,173,574	790,880	3,086,201	2,829,018	2,432,383	13,843,092	12,689,501	13,612,715	44,702,882	41,469,579	40,755,375
EXPENSES																					
PAYROLL EXPENSES	7,457,856	6,780,912	6,131,140	1,669,232	1,517,717	1,651,698	6,145,105	5,587,319	5,026,000	1,217,801	1,107,262	887,968	720,216	654,843	552,062	3,079,029	2,799,548	2,551,569	20,289,239	18,447,600	16,800,436
ADMINISTRATIVE EXPENSES	3,697,510	3,389,384	2,483,655	1,122,042	1,028,539	759,529	4,367,866	4,003,877	3,641,693	331,834	304,181	180,221	419,254	384,316	335,872	2,213,899	2,029,408	2,200,966	12,152,405	11,139,705	9,601,936
TENANT SERVICES EXPENSES	50,504	46,295	59,100	5,000	4,583	-	-	-	-	335,620	307,652	-	2,439,578	2,236,280	1,818,925	338,222	310,037	210,381	3,168,924	2,904,847	2,088,406
UTILITY EXPENSES	172,145	157,800	157,893	-	-	137	-	-	107,034	-	-	-	-	-	-	2,120,178	1,943,496	2,039,327	2,292,323	2,101,296	2,304,392
MAINTENANCE EXPENSES	459,118	420,858	228,429	5,000	4,583	39,520	81,969	75,138	114,957	5,600	5,133	11,133	4,420	4,052	7,808	2,899,664	2,658,025	2,717,179	3,455,771	3,167,790	3,119,026
TAXES & INSURANCE EXPENSES	40,364	37,000	37,257	15,100	13,842	24,370	7,353	6,740	5,636	-	-	1,717	-	-	-	524,416	480,715	519,264	587,233	538,297	588,243
TOTAL EXPENSES	11,877,497	10,832,250	9,097,473	2,816,374	2,569,264	2,475,254	10,602,293	9,673,074	8,895,319	1,890,855	1,724,228	1,081,039	3,583,468	3,279,490	2,714,667	11,175,408	10,221,228	10,238,687	41,945,895	38,299,535	34,502,439
NET OPERATING INCOME	(2,297,546)	(2,050,628)	(933,570)	4,136,871	4,296,481	3,740,173	(642,162)	(542,954)	644,747	(610,593)	(550,655)	(290,159)	(497,267)	(450,472)	(282,284)	2,667,684	2,468,273	3,374,028	2,756,987	3,170,044	6,252,936
NON-OPERATING EXPENSES																					
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,226,026	1,123,857	1,255,223	1,226,026	1,123,857	1,255,223
TOTAL FINANCING EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	725,097	664,672	616,551	725,097	664,672	616,551
TOTAL ADJUSTMENTS & OPERATING TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,951,123	1,788,529	1,871,774	1,951,123	1,788,529	1,871,774
NET INCOME	(2,297,546)	(2,050,628)	(933,570)	4,136,871	4,296,481	3,740,173	(642,162)	(542,954)	644,747	(610,593)	(550,655)	(290,159)	(497,267)	(450,472)	(282,284)	716,561	679,743	1,502,254	805,864	1,381,515	4,381,162
UNRESTRICTED NET INCOME	(2,297,546)	(2,050,628)	(933,570)	3,497,921	3,710,777	3,861,757	(642,162)	(542,954)	-	(610,593)	(550,655)	(290,159)	(497,267)	(450,472)	(282,284)	534,774	494,099	474,437	(14,874)	610,166	2,830,180